

As Reported by the Senate Ways and Means Committee

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

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 128.46, 709.023, 715.013, 718.02, 1
718.03, 718.051, 718.07, 718.09, 718.10, 718.11, 2
718.121, 718.13, 5703.02, 5703.059, 5703.57, 3
5717.011, 5717.03, 5726.03, 5736.04, 5739.12, 4
5739.124, 5741.122, 5747.063, 5747.064, 5747.50, 5
5749.06, and 5751.07, to amend, for the purpose of 6
adopting a new section number as indicated in 7
parentheses, section 718.04 (718.50), to enact new 8
sections 718.01, 718.011, 718.04, 718.05, 718.06, 9
718.08, and 718.12 and sections 718.012, 718.031, 10
718.052, 718.18, 718.19, 718.23 to 718.28, 718.30, 11
718.31, 718.35 to 718.39, 718.41, and 718.99, and 12
to repeal sections 718.01, 718.011, 718.041, 13
718.05, 718.06, 718.08, 718.12, and 718.14 of the 14
Revised Code to revise the laws governing income 15
taxes imposed by municipal corporations. 16

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

Section 1. That sections 128.46, 709.023, 715.013, 718.02, 17
718.03, 718.051, 718.07, 718.09, 718.10, 718.11, 718.121, 718.13, 18

5703.02, 5703.059, 5703.57, 5717.011, 5717.03, 5726.03, 5736.04, 19
5739.12, 5739.124, 5741.122, 5747.063, 5747.064, 5747.50, 5749.06, 20
and 5751.07 be amended, section 718.04 (718.50) be amended for the 21
purpose of adopting a new section number as indicated in 22
parentheses, and new sections 718.01, 718.011, 718.04, 718.05, 23
718.06, 718.08, and 718.12 and sections 718.012, 718.031, 718.052, 24
718.18, 718.19, 718.23, 718.24, 718.25, 718.26, 718.27, 718.28, 25
718.30, 718.31, 718.35, 718.36, 718.37, 718.38, 718.39, 718.41, 26
and 718.99 of the Revised Code be enacted to read as follows: 27

Sec. 128.46. (A) Prior to January 1, 2014: 28

(1) A wireless service provider or reseller, not later than 29
the last day of each month, shall remit the full amount of all 30
wireless 9-1-1 charges it collected under division (A) of section 31
128.42 of the Revised Code for the second preceding calendar month 32
to the administrator, with the exception of charges equivalent to 33
the amount authorized as a billing and collection fee under 34
division (A)(2) of this section. In doing so, the provider or 35
reseller may remit the requisite amount in any reasonable manner 36
consistent with its existing operating or technological 37
capabilities, such as by customer address, location associated 38
with the wireless telephone number, or another allocation method 39
based on comparable, relevant data. If the wireless service 40
provider or reseller receives a partial payment for a bill from a 41
wireless service subscriber, the wireless service provider or 42
reseller shall apply the payment first against the amount the 43
subscriber owes the wireless service provider or reseller and 44
shall remit to the administrator such lesser amount, if any, as 45
results from that invoice. 46

(2) A wireless service provider or reseller may retain as a 47
billing and collection fee two per cent of the total wireless 48
9-1-1 charges it collects in a month and shall account to the 49

administrator for the amount retained. 50

(3) The administrator shall return to, or credit against the 51
next month's remittance of, a wireless service provider or 52
reseller the amount of any remittances the administrator 53
determines were erroneously submitted by the provider or reseller. 54

(B) Beginning January 1, 2014: 55

(1) Each seller of a prepaid wireless calling service, 56
wireless service provider, and reseller shall, on or before the 57
twenty-third day of each month, except as provided in divisions 58
(B)(2) and (3) of this section, do both of the following: 59

(a) Make and file a return for the preceding month, in the 60
form prescribed by the tax commissioner, showing the amount of the 61
wireless 9-1-1 charges due under section 128.42 of the Revised 62
Code for that month; 63

(b) Remit the full amount due, as shown on the return, with 64
the exception of charges equivalent to the amount authorized as a 65
collection fee under division (B)(4) of this section. 66

(2) The commissioner may grant one or more thirty-day 67
extensions for making and filing returns and remitting amounts 68
due. 69

(3) If a seller is required to collect prepaid wireless 9-1-1 70
charges in amounts that do not merit monthly returns, the 71
commissioner may authorize the seller to make and file returns 72
less frequently. The commissioner shall ascertain whether this 73
authorization is warranted upon the basis of administrative costs 74
to the state. 75

(4) A wireless service provider, reseller, and seller may 76
each retain as a collection fee three per cent of the total 77
wireless 9-1-1 charges required to be collected under section 78
128.42 of the Revised Code, and shall account to the tax 79

commissioner for the amount retained. 80

(5) The return required under division (B)(1)(a) of this 81
section shall be filed electronically using the Ohio business 82
gateway, as defined in section ~~718.051~~ 718.01 of the Revised Code, 83
the Ohio telefile system, or any other electronic means prescribed 84
by the tax commissioner. Remittance of the amount due shall be 85
made electronically in a manner approved by the commissioner. A 86
wireless service provider, reseller, or seller may apply to the 87
commissioner on a form prescribed by the commissioner to be 88
excused from either electronic requirement of this division. For 89
good cause shown, the commissioner may excuse the provider, 90
reseller, or seller from either or both of the requirements and 91
may permit the provider, reseller, or seller to file returns or 92
make remittances by nonelectronic means. 93

(C)(1) Prior to January 1, 2014, each subscriber on which a 94
wireless 9-1-1 charge is imposed under division (A) of section 95
128.42 of the Revised Code is liable to the state for the amount 96
of the charge. If a wireless service provider or reseller fails to 97
collect the charge under that division from a subscriber of 98
prepaid wireless service, or fails to bill any other subscriber 99
for the charge, the wireless service provider or reseller is 100
liable to the state for the amount not collected or billed. If a 101
wireless service provider or reseller collects charges under that 102
division and fails to remit the money to the administrator, the 103
wireless service provider or reseller is liable to the state for 104
any amount collected and not remitted. 105

(2) Beginning January 1, 2014: 106

(a) Each subscriber or consumer on which a wireless 9-1-1 107
charge is imposed under section 128.42 of the Revised Code is 108
liable to the state for the amount of the charge. If a wireless 109
service provider or reseller fails to bill or collect the charge, 110
or if a seller fails to collect the charge, the provider, 111

reseller, or seller is liable to the state for the amount not 112
billed or collected. If a provider, reseller, or seller fails to 113
remit money to the tax commissioner as required under this 114
section, the provider, reseller, or seller is liable to the state 115
for the amount not remitted, regardless of whether the amount was 116
collected. 117

(b) No provider of a prepaid wireless calling service shall 118
be liable to the state for any wireless 9-1-1 charge imposed under 119
division (B)(1) of section 128.42 of the Revised Code that was not 120
collected or remitted. 121

(D) Prior to January 1, 2014: 122

(1) If the steering committee has reason to believe that a 123
wireless service provider or reseller has failed to bill, collect, 124
or remit the wireless 9-1-1 charge as required by divisions (A)(1) 125
and (C)(1) of this section or has retained more than the amount 126
authorized under division (A)(2) of this section, and after 127
written notice to the provider or reseller, the steering committee 128
may audit the provider or reseller for the sole purpose of making 129
such a determination. The audit may include, but is not limited 130
to, a sample of the provider's or reseller's billings, 131
collections, remittances, or retentions for a representative 132
period, and the steering committee shall make a good faith effort 133
to reach agreement with the provider or reseller in selecting that 134
sample. 135

(2) Upon written notice to the wireless service provider or 136
reseller, the steering committee, by order after completion of the 137
audit, may make an assessment against the provider or reseller if, 138
pursuant to the audit, the steering committee determines that the 139
provider or reseller has failed to bill, collect, or remit the 140
wireless 9-1-1 charge as required by divisions (A)(1) and (C)(1) 141
of this section or has retained more than the amount authorized 142
under division (A)(2) of this section. The assessment shall be in 143

the amount of any remittance that was due and unpaid on the date 144
notice of the audit was sent by the steering committee to the 145
provider or reseller or, as applicable, in the amount of the 146
excess amount under division (A)(2) of this section retained by 147
the provider or reseller as of that date. 148

(3) The portion of any assessment not paid within sixty days 149
after the date of service by the steering committee of the 150
assessment notice under division (D)(2) of this section shall bear 151
interest from that date until paid at the rate per annum 152
prescribed by section 5703.47 of the Revised Code. That interest 153
may be collected by making an assessment under division (D)(2) of 154
this section. An assessment under this division and any interest 155
due shall be remitted in the same manner as the wireless 9-1-1 156
charge imposed under division (A) of section 128.42 of the Revised 157
Code. 158

(4) Unless the provider, reseller, or seller assessed files 159
with the steering committee within sixty days after service of the 160
notice of assessment, either personally or by certified mail, a 161
written petition for reassessment, signed by the party assessed or 162
that party's authorized agent having knowledge of the facts, the 163
assessment shall become final and the amount of the assessment 164
shall be due and payable from the party assessed to the 165
administrator. The petition shall indicate the objections of the 166
party assessed, but additional objections may be raised in writing 167
if received by the administrator or the steering committee prior 168
to the date shown on the final determination. 169

(5) After an assessment becomes final, if any portion of the 170
assessment remains unpaid, including accrued interest, a certified 171
copy of the final assessment may be filed in the office of the 172
clerk of the court of common pleas in the county in which the 173
place of business of the assessed party is located. If the party 174
assessed maintains no place of business in this state, the 175

certified copy of the final assessment may be filed in the office 176
of the clerk of the court of common pleas of Franklin county. 177
Immediately upon the filing, the clerk shall enter a judgment for 178
the state against the assessed party in the amount shown on the 179
final assessment. The judgment may be filed by the clerk in a 180
loose-leaf book entitled "special judgments for wireless 9-1-1 181
charges" and shall have the same effect as other judgments. The 182
judgment shall be executed upon the request of the steering 183
committee. 184

(6) An assessment under this division does not discharge a 185
subscriber's liability to reimburse the provider or reseller for 186
the wireless 9-1-1 charge imposed under division (A) of section 187
128.42 of the Revised Code. If, after the date of service of the 188
audit notice under division (D)(1) of this section, a subscriber 189
pays a wireless 9-1-1 charge for the period covered by the 190
assessment, the payment shall be credited against the assessment. 191

(7) All money collected by the administrator under division 192
(D) of this section shall be paid to the treasurer of state, for 193
deposit to the credit of the wireless 9-1-1 government assistance 194
fund. 195

(E) Beginning January 1, 2014: 196

(1) If the tax commissioner has reason to believe that a 197
wireless service provider, reseller, or seller has failed to bill, 198
collect, or remit the wireless 9-1-1 charge as required by this 199
section and section 128.42 of the Revised Code or has retained 200
more than the amount authorized under division (B)(4) of this 201
section, and after written notice to the provider, reseller, or 202
seller, the tax commissioner may audit the provider, reseller, or 203
seller for the sole purpose of making such a determination. The 204
audit may include, but is not limited to, a sample of the 205
provider's, reseller's, or seller's billings, collections, 206
remittances, or retentions for a representative period, and the 207

tax commissioner shall make a good faith effort to reach agreement 208
with the provider, reseller, or seller in selecting that sample. 209

(2) Upon written notice to the wireless service provider, 210
reseller, or seller, the tax commissioner, after completion of the 211
audit, may make an assessment against the provider, reseller, or 212
seller if, pursuant to the audit, the tax commissioner determines 213
that the provider, reseller, or seller has failed to bill, 214
collect, or remit the wireless 9-1-1 charge as required by this 215
section and section 128.42 of the Revised Code or has retained 216
more than the amount authorized under division (B)(4) of this 217
section. The assessment shall be in the amount of any remittance 218
that was due and unpaid on the date notice of the audit was sent 219
by the tax commissioner to the provider, reseller, or seller or, 220
as applicable, in the amount of the excess amount under division 221
(B)(4) of this section retained by the provider, reseller, or 222
seller as of that date. 223

(3) The portion of any assessment consisting of wireless 224
9-1-1 charges due and not paid within sixty days after the date 225
that the assessment was made under division (E)(2) of this section 226
shall bear interest from that date until paid at the rate per 227
annum prescribed by section 5703.47 of the Revised Code. That 228
interest may be collected by making an assessment under division 229
(E)(2) of this section. 230

(4) Unless the provider, reseller, or seller assessed files 231
with the tax commissioner within sixty days after service of the 232
notice of assessment, either personally or by certified mail, a 233
written petition for reassessment, signed by the party assessed or 234
that party's authorized agent having knowledge of the facts, the 235
assessment shall become final and the amount of the assessment 236
shall be due and payable from the party assessed to the treasurer 237
of state, for deposit to the next generation 9-1-1 fund, which is 238
created under section 128.54 of the Revised Code. The petition 239

shall indicate the objections of the party assessed, but 240
additional objections may be raised in writing if received by the 241
commissioner prior to the date shown on the final determination. 242
If the petition has been properly filed, the commissioner shall 243
proceed under section 5703.60 of the Revised Code. 244

(5) After an assessment becomes final, if any portion of the 245
assessment remains unpaid, including accrued interest, a certified 246
copy of the final assessment may be filed in the office of the 247
clerk of the court of common pleas in the county in which the 248
business of the assessed party is conducted. If the party assessed 249
maintains no place of business in this state, the certified copy 250
of the final assessment may be filed in the office of the clerk of 251
the court of common pleas of Franklin county. Immediately upon the 252
filing, the clerk shall enter a judgment for the state against the 253
assessed party in the amount shown on the final assessment. The 254
judgment may be filed by the clerk in a loose-leaf book entitled 255
"special judgments for wireless 9-1-1 charges" and shall have the 256
same effect as other judgments. The judgment shall be executed 257
upon the request of the tax commissioner. 258

(6) If the commissioner determines that the commissioner 259
erroneously has refunded a wireless 9-1-1 charge to any person, 260
the commissioner may make an assessment against that person for 261
recovery of the erroneously refunded charge. 262

(7) An assessment under division (E) of this section does not 263
discharge a subscriber's or consumer's liability to reimburse the 264
provider, reseller, or seller for a wireless 9-1-1 charge. If, 265
after the date of service of the audit notice under division 266
(E)(1) of this section, a subscriber or consumer pays a wireless 267
9-1-1 charge for the period covered by the assessment, the payment 268
shall be credited against the assessment. 269

Sec. 709.023. (A) A petition filed under section 709.021 of 270

the Revised Code that requests to follow this section is for the 271
special procedure of annexing land into a municipal corporation 272
when, subject to division (H) of this section, the land also is 273
not to be excluded from the township under section 503.07 of the 274
Revised Code. The owners who sign this petition by their signature 275
expressly waive their right to appeal in law or equity from the 276
board of county commissioners' entry of any resolution under this 277
section, waive any rights they may have to sue on any issue 278
relating to a municipal corporation requiring a buffer as provided 279
in this section, and waive any rights to seek a variance that 280
would relieve or exempt them from that buffer requirement. 281

The petition circulated to collect signatures for the special 282
procedure in this section shall contain in boldface capital 283
letters immediately above the heading of the place for signatures 284
on each part of the petition the following: "WHOEVER SIGNS THIS 285
PETITION EXPRESSLY WAIVES THEIR RIGHT TO APPEAL IN LAW OR EQUITY 286
FROM THE BOARD OF COUNTY COMMISSIONERS' ENTRY OF ANY RESOLUTION 287
PERTAINING TO THIS SPECIAL ANNEXATION PROCEDURE, ALTHOUGH A WRIT 288
OF MANDAMUS MAY BE SOUGHT TO COMPEL THE BOARD TO PERFORM ITS 289
DUTIES REQUIRED BY LAW FOR THIS SPECIAL ANNEXATION PROCEDURE." 290

(B) Upon the filing of the petition in the office of the 291
clerk of the board of county commissioners, the clerk shall cause 292
the petition to be entered upon the board's journal at its next 293
regular session. This entry shall be the first official act of the 294
board on the petition. Within five days after the filing of the 295
petition, the agent for the petitioners shall notify in the manner 296
and form specified in this division the clerk of the legislative 297
authority of the municipal corporation to which annexation is 298
proposed, the fiscal officer of each township any portion of which 299
is included within the territory proposed for annexation, the 300
clerk of the board of county commissioners of each county in which 301
the territory proposed for annexation is located other than the 302

county in which the petition is filed, and the owners of property 303
adjacent to the territory proposed for annexation or adjacent to a 304
road that is adjacent to that territory and located directly 305
across that road from that territory. The notice shall refer to 306
the time and date when the petition was filed and the county in 307
which it was filed and shall have attached or shall be accompanied 308
by a copy of the petition and any attachments or documents 309
accompanying the petition as filed. 310

Notice to a property owner is sufficient if sent by regular 311
United States mail to the tax mailing address listed on the county 312
auditor's records. Notice to the appropriate government officer 313
shall be given by certified mail, return receipt requested, or by 314
causing the notice to be personally served on the officer, with 315
proof of service by affidavit of the person who delivered the 316
notice. Proof of service of the notice on each appropriate 317
government officer shall be filed with the board of county 318
commissioners with which the petition was filed. 319

(C) Within twenty days after the date that the petition is 320
filed, the legislative authority of the municipal corporation to 321
which annexation is proposed shall adopt an ordinance or 322
resolution stating what services the municipal corporation will 323
provide, and an approximate date by which it will provide them, to 324
the territory proposed for annexation, upon annexation. The 325
municipal corporation is entitled in its sole discretion to 326
provide to the territory proposed for annexation, upon annexation, 327
services in addition to the services described in that ordinance 328
or resolution. 329

If the territory proposed for annexation is subject to zoning 330
regulations adopted under either Chapter 303. or 519. of the 331
Revised Code at the time the petition is filed, the legislative 332
authority of the municipal corporation also shall adopt an 333
ordinance or resolution stating that, if the territory is annexed 334

and becomes subject to zoning by the municipal corporation and 335
that municipal zoning permits uses in the annexed territory that 336
the municipal corporation determines are clearly incompatible with 337
the uses permitted under current county or township zoning 338
regulations in the adjacent land remaining within the township 339
from which the territory was annexed, the legislative authority of 340
the municipal corporation will require, in the zoning ordinance 341
permitting the incompatible uses, the owner of the annexed 342
territory to provide a buffer separating the use of the annexed 343
territory and the adjacent land remaining within the township. For 344
the purposes of this section, "buffer" includes open space, 345
landscaping, fences, walls, and other structured elements; streets 346
and street rights-of-way; and bicycle and pedestrian paths and 347
sidewalks. 348

The clerk of the legislative authority of the municipal 349
corporation to which annexation is proposed shall file the 350
ordinances or resolutions adopted under this division with the 351
board of county commissioners within twenty days following the 352
date that the petition is filed. The board shall make these 353
ordinances or resolutions available for public inspection. 354

(D) Within twenty-five days after the date that the petition 355
is filed, the legislative authority of the municipal corporation 356
to which annexation is proposed and each township any portion of 357
which is included within the territory proposed for annexation may 358
adopt and file with the board of county commissioners an ordinance 359
or resolution consenting or objecting to the proposed annexation. 360
An objection to the proposed annexation shall be based solely upon 361
the petition's failure to meet the conditions specified in 362
division (E) of this section. 363

If the municipal corporation and each of those townships 364
timely files an ordinance or resolution consenting to the proposed 365
annexation, the board at its next regular session shall enter upon 366

its journal a resolution granting the proposed annexation. If, 367
instead, the municipal corporation or any of those townships files 368
an ordinance or resolution that objects to the proposed 369
annexation, the board of county commissioners shall proceed as 370
provided in division (E) of this section. Failure of the municipal 371
corporation or any of those townships to timely file an ordinance 372
or resolution consenting or objecting to the proposed annexation 373
shall be deemed to constitute consent by that municipal 374
corporation or township to the proposed annexation. 375

(E) Unless the petition is granted under division (D) of this 376
section, not less than thirty or more than forty-five days after 377
the date that the petition is filed, the board of county 378
commissioners shall review it to determine if each of the 379
following conditions has been met: 380

(1) The petition meets all the requirements set forth in, and 381
was filed in the manner provided in, section 709.021 of the 382
Revised Code. 383

(2) The persons who signed the petition are owners of the 384
real estate located in the territory proposed for annexation and 385
constitute all of the owners of real estate in that territory. 386

(3) The territory proposed for annexation does not exceed 387
five hundred acres. 388

(4) The territory proposed for annexation shares a contiguous 389
boundary with the municipal corporation to which annexation is 390
proposed for a continuous length of at least five per cent of the 391
perimeter of the territory proposed for annexation. 392

(5) The annexation will not create an unincorporated area of 393
the township that is completely surrounded by the territory 394
proposed for annexation. 395

(6) The municipal corporation to which annexation is proposed 396
has agreed to provide to the territory proposed for annexation the 397

services specified in the relevant ordinance or resolution adopted 398
under division (C) of this section. 399

(7) If a street or highway will be divided or segmented by 400
the boundary line between the township and the municipal 401
corporation as to create a road maintenance problem, the municipal 402
corporation to which annexation is proposed has agreed as a 403
condition of the annexation to assume the maintenance of that 404
street or highway or to otherwise correct the problem. As used in 405
this section, "street" or "highway" has the same meaning as in 406
section 4511.01 of the Revised Code. 407

(F) Not less than thirty or more than forty-five days after 408
the date that the petition is filed, if the petition is not 409
granted under division (D) of this section, the board of county 410
commissioners, if it finds that each of the conditions specified 411
in division (E) of this section has been met, shall enter upon its 412
journal a resolution granting the annexation. If the board of 413
county commissioners finds that one or more of the conditions 414
specified in division (E) of this section have not been met, it 415
shall enter upon its journal a resolution that states which of 416
those conditions the board finds have not been met and that denies 417
the petition. 418

(G) If a petition is granted under division (D) or (F) of 419
this section, the clerk of the board of county commissioners shall 420
proceed as provided in division (C)(1) of section 709.033 of the 421
Revised Code, except that no recording or hearing exhibits would 422
be involved. There is no appeal in law or equity from the board's 423
entry of any resolution under this section, but any party may seek 424
a writ of mandamus to compel the board of county commissioners to 425
perform its duties under this section. 426

(H) Notwithstanding anything to the contrary in section 427
503.07 of the Revised Code, unless otherwise provided in an 428
annexation agreement entered into pursuant to section 709.192 of 429

the Revised Code or in a cooperative economic development 430
agreement entered into pursuant to section 701.07 of the Revised 431
Code, territory annexed into a municipal corporation pursuant to 432
this section shall not at any time be excluded from the township 433
under section 503.07 of the Revised Code and, thus, remains 434
subject to the township's real property taxes. 435

(I) Any owner of land that remains within a township and that 436
is adjacent to territory annexed pursuant to this section who is 437
directly affected by the failure of the annexing municipal 438
corporation to enforce compliance with any zoning ordinance it 439
adopts under division (C) of this section requiring the owner of 440
the annexed territory to provide a buffer zone, may commence in 441
the court of common pleas a civil action against that owner to 442
enforce compliance with that buffer requirement whenever the 443
required buffer is not in place before any development of the 444
annexed territory begins. 445

(J) Division ~~(H)(12)~~(C)(18) of section 718.01 of the Revised 446
Code applies to the compensation paid to persons performing 447
personal services for a political subdivision on property owned by 448
the political subdivision after that property is annexed to a 449
municipal corporation under this section. 450

Sec. 715.013. (A) Except as otherwise expressly authorized by 451
the Revised Code, no municipal corporation shall levy a tax that 452
is the same as or similar to a tax levied under Chapter 322., 453
3734., 3769., 4123., 4141., 4301., 4303., 4305., 4307., 4309., 454
5707., 5725., 5726., 5727., 5728., 5729., 5731., 5735., 5736., 455
5737., 5739., 5741., 5743., 5747., 5749., or 5751. of the Revised 456
Code. 457

(B) This section does not prohibit a municipal corporation 458
from levying an income tax or withholding tax in accordance with 459
Chapter 718. of the Revised Code, or a tax on any of the 460

following: 461

(1) Amounts received for admission to any place; 462

(2) The income of an electric company or combined company, as 463
defined in section 5727.01 of the Revised Code; 464

(3) On and after January 1, 2004, the income of a telephone 465
company, as defined in section 5727.01 of the Revised Code. 466

Sec. 718.01. Any term used in this chapter that is not 467
otherwise defined in this chapter has the same meaning as when 468
used in a comparable context in laws of the United States relating 469
to federal income taxation or in Title LVII of the Revised Code, 470
unless a different meaning is clearly required. If a term used in 471
this chapter that is not otherwise defined in this chapter is used 472
in a comparable context in both the laws of the United States 473
relating to federal income tax and in Title LVII of the Revised 474
Code and the use is not consistent, then the use of the term in 475
the laws of the United States relating to federal income tax shall 476
control over the use of the term in Title LVII of the Revised 477
Code. 478

As used in this chapter: 479

(A)(1) "Municipal taxable income" means the following: 480

(a) For a person other than an individual, income reduced by 481
exempt income to the extent otherwise included in income and then, 482
as applicable, apportioned or situated to the municipal corporation 483
under section 718.02 of the Revised Code, and further reduced by 484
any pre-2017 net operating loss carryforward available to the 485
person for the municipal corporation. 486

(b)(i) For an individual who is a resident of a municipal 487
corporation other than a qualified municipal corporation, income 488
reduced by exempt income to the extent otherwise included in 489
income, then reduced as provided in division (A)(2) of this 490

section, and further reduced by any pre-2017 net operating loss 491
carryforward available to the individual for the municipal 492
corporation. 493

(ii) For an individual who is a resident of a qualified 494
municipal corporation, Ohio adjusted gross income reduced by 495
income exempted, and increased by deductions excluded, by the 496
qualified municipal corporation from the qualified municipal 497
corporation's tax on or before December 31, 2013. If a qualified 498
municipal corporation, on or before December 31, 2013, exempts 499
income earned by individuals who are not residents of the 500
qualified municipal corporation and net profit of persons that are 501
not wholly located within the qualified municipal corporation, 502
such individual or person shall have no municipal taxable income 503
for the purposes of the tax levied by the qualified municipal 504
corporation and may be exempted by the qualified municipal 505
corporation from the requirements of section 718.03 of the Revised 506
Code. 507

(c) For an individual who is a nonresident of a municipal 508
corporation, income reduced by exempt income to the extent 509
otherwise included in income and then, as applicable, apportioned 510
or situated to the municipal corporation under section 718.02 of 511
the Revised Code, then reduced as provided in division (A)(2) of 512
this section, and further reduced by any pre-2017 net operating 513
loss carryforward available to the individual for the municipal 514
corporation. 515

(2) In computing the municipal taxable income of a taxpayer 516
who is an individual, the taxpayer may subtract, as provided in 517
division (A)(1)(b)(i) or (c) of this section, the amount of the 518
individual's employee business expenses reported on the 519
individual's form 2106 that the individual deducted for federal 520
income tax purposes for the taxable year, subject to the 521
limitation imposed by section 67 of the Internal Revenue Code. For 522

the municipal corporation in which the taxpayer is a resident, the 523
taxpayer may deduct all such expenses allowed for federal income 524
tax purposes. For a municipal corporation in which the taxpayer is 525
not a resident, the taxpayer may deduct such expenses only to the 526
extent the expenses are related to the taxpayer's performance of 527
personal services in that nonresident municipal corporation. 528

(B) "Income" means the following: 529

(1)(a) For residents, all income, salaries, qualifying wages, 530
commissions, and other compensation from whatever source earned or 531
received by the resident, including the resident's distributive 532
share of the net profit of pass-through entities owned directly or 533
indirectly by the resident and any net profit of the resident. 534

(b) For the purposes of division (B)(1)(a) of this section: 535

(i) Any net operating loss of the resident incurred in the 536
taxable year and the resident's distributive share of any net 537
operating loss generated in the same taxable year and attributable 538
to the resident's ownership interest in a pass-through entity 539
shall be allowed as a deduction, for that taxable year and the 540
following five taxable years, against any other net profit of the 541
resident or the resident's distributive share of any net profit 542
attributable to the resident's ownership interest in a 543
pass-through entity until fully utilized, subject to division 544
(B)(1)(d) of this section; 545

(ii) The resident's distributive share of the net profit of 546
each pass-through entity owned directly or indirectly by the 547
resident shall be calculated without regard to any net operating 548
loss that is carried forward by that entity from a prior taxable 549
year and applied to reduce the entity's net profit for the current 550
taxable year. 551

(c) Division (B)(1)(b) of this section does not apply with 552
respect to any net profit or net operating loss attributable to an 553

ownership interest in an S corporation unless shareholders' 554
distributive shares of net profits from S corporations are subject 555
to tax in the municipal corporation as provided in division 556
(C)(14)(b) or (c) of this section. 557

(d) Any amount of a net operating loss used to reduce a 558
taxpayer's net profit for a taxable year shall reduce the amount 559
of net operating loss that may be carried forward to any 560
subsequent year for use by that taxpayer. In no event shall the 561
cumulative deductions for all taxable years with respect to a 562
taxpayer's net operating loss exceed the original amount of that 563
net operating loss available to that taxpayer. 564

(2) In the case of nonresidents, all income, salaries, 565
qualifying wages, commissions, and other compensation from 566
whatever source earned or received by the nonresident for work 567
done, services performed or rendered, or activities conducted in 568
the municipal corporation, including any net profit of the 569
nonresident, but excluding the nonresident's distributive share of 570
the net profit or loss of only pass-through entities owned 571
directly or indirectly by the nonresident. 572

(3) For taxpayers that are not individuals, net profit of the 573
taxpayer; 574

(4) Lottery, sweepstakes, gambling and sports winnings, 575
winnings from games of chance, and prizes and awards. If the 576
taxpayer is a professional gambler for federal income tax 577
purposes, the taxpayer may deduct related wagering losses and 578
expenses to the extent authorized under the Internal Revenue Code 579
and claimed against such winnings. 580

(C) "Exempt income" means all of the following: 581

(1) The military pay or allowances of members of the armed 582
forces of the United States or members of their reserve 583
components, including the national guard of any state; 584

(2)(a) Except as provided in division (C)(2)(b) of this 585
section, intangible income; 586

(b) A municipal corporation that taxed any type of intangible 587
income on March 29, 1988, pursuant to Section 3 of S.B. 238 of the 588
116th general assembly, may continue to tax that type of income if 589
a majority of the electors of the municipal corporation voting on 590
the question of whether to permit the taxation of that type of 591
intangible income after 1988 voted in favor thereof at an election 592
held on November 8, 1988. 593

(3) Social security benefits, railroad retirement benefits, 594
unemployment compensation, pensions, retirement benefit payments, 595
payments from annuities, and similar payments made to an employee 596
or to the beneficiary of an employee under a retirement program or 597
plan, disability payments received from private industry or local, 598
state, or federal governments or from charitable, religious or 599
educational organizations, and the proceeds of sickness, accident, 600
or liability insurance policies. As used in division (C)(3) of 601
this section, "unemployment compensation" does not include 602
supplemental unemployment compensation described in section 603
3402(o)(2) of the Internal Revenue Code. 604

(4) The income of religious, fraternal, charitable, 605
scientific, literary, or educational institutions to the extent 606
such income is derived from tax-exempt real estate, tax-exempt 607
tangible or intangible property, or tax-exempt activities. 608

(5) Compensation paid under section 3501.28 or 3501.36 of the 609
Revised Code to a person serving as a precinct election official 610
to the extent that such compensation does not exceed one thousand 611
dollars for the taxable year. Such compensation in excess of one 612
thousand dollars for the taxable year may be subject to taxation 613
by a municipal corporation. A municipal corporation shall not 614
require the payer of such compensation to withhold any tax from 615
that compensation. 616

<u>(6) Dues, contributions, and similar payments received by</u>	617
<u>charitable, religious, educational, or literary organizations or</u>	618
<u>labor unions, lodges, and similar organizations;</u>	619
<u>(7) Alimony and child support received;</u>	620
<u>(8) Compensation for personal injuries or for damages to</u>	621
<u>property from insurance proceeds or otherwise, excluding</u>	622
<u>compensation paid for lost salaries or wages or compensation from</u>	623
<u>punitive damages;</u>	624
<u>(9) Income of a public utility when that public utility is</u>	625
<u>subject to the tax levied under section 5727.24 or 5727.30 of the</u>	626
<u>Revised Code. Division (C)(9) of this section does not apply for</u>	627
<u>purposes of Chapter 5745. of the Revised Code.</u>	628
<u>(10) Gains from involuntary conversions, interest on federal</u>	629
<u>obligations, items of income subject to a tax levied by the state</u>	630
<u>and that a municipal corporation is specifically prohibited by law</u>	631
<u>from taxing, and income of a decedent's estate during the period</u>	632
<u>of administration except such income from the operation of a trade</u>	633
<u>or business;</u>	634
<u>(11) Compensation or allowances excluded from federal gross</u>	635
<u>income under section 107 of the Internal Revenue Code;</u>	636
<u>(12) Employee compensation that is not qualifying wages as</u>	637
<u>defined in division (R) of this section;</u>	638
<u>(13) Compensation paid to a person employed within the</u>	639
<u>boundaries of a United States air force base under the</u>	640
<u>jurisdiction of the United States air force that is used for the</u>	641
<u>housing of members of the United States air force and is a center</u>	642
<u>for air force operations, unless the person is subject to taxation</u>	643
<u>because of residence or domicile. If the compensation is subject</u>	644
<u>to taxation because of residence or domicile, tax on such income</u>	645
<u>shall be payable only to the municipal corporation of residence or</u>	646
<u>domicile.</u>	647

(14)(a) Except as provided in division (C)(14)(b) or (c) of this section, an S corporation shareholder's distributive share of net profits of the S corporation, other than any part of the distributive share of net profits that represents wages as defined in section 3121(a) of the Internal Revenue Code or net earnings from self-employment as defined in section 1402(a) of the Internal Revenue Code. 648
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(b) If, pursuant to division (H) of former section 718.01 of the Revised Code as it existed before March 11, 2004, a majority of the electors of a municipal corporation voted in favor of the question at an election held on November 4, 2003, the municipal corporation may continue after 2002 to tax an S corporation shareholder's distributive share of net profits of an S corporation. 655
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(c) If, on December 6, 2002, a municipal corporation was imposing, assessing, and collecting a tax on an S corporation shareholder's distributive share of net profits of the S corporation to the extent the distributive share would be allocated or apportioned to this state under divisions (B)(1) and (2) of section 5733.05 of the Revised Code if the S corporation were a corporation subject to taxes imposed under Chapter 5733. of the Revised Code, the municipal corporation may continue to impose the tax on such distributive shares to the extent such shares would be so allocated or apportioned to this state only until December 31, 2004, unless a majority of the electors of the municipal corporation voting on the question of continuing to tax such shares after that date voted in favor of that question at an election held November 2, 2004. If a majority of those electors voted in favor of the question, the municipal corporation may continue after December 31, 2004, to impose the tax on such distributive shares only to the extent such shares would be so allocated or apportioned to this state. 662
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(d) A municipal corporation shall be deemed to have elected to tax S corporation shareholders' distributive shares of net profits of the S corporation in the hands of the shareholders if a majority of the electors of a municipal corporation voted in favor of a question at an election held under division (C)(14)(b) or (c) of this section. The municipal corporation shall specify by resolution or ordinance that the tax applies to the distributive share of a shareholder of an S corporation in the hands of the shareholder of the S corporation. 680
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(15) To the extent authorized under a resolution or ordinance adopted by a municipal corporation before January 1, 2016, all or a portion of the income of individuals or a class of individuals under eighteen years of age. 689
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(16)(a) Except as provided in divisions (C)(16)(b), (c), and (d) of this section, qualifying wages described in division (B)(1) or (E) of section 718.011 of the Revised Code to the extent the qualifying wages are not subject to withholding for the municipal corporation under either of those divisions. 693
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(b) The exemption provided in division (C)(16)(a) of this section does not apply with respect to the municipal corporation in which the employee resided at the time the employee earned the qualifying wages. 698
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(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. 702
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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: 706
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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 709
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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; 711
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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. 717
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(17)(a) Except as provided in division (C)(17)(b) or (c) of this section, compensation that is not qualifying wages paid to a nonresident individual for personal services performed in the municipal corporation on not more than twenty days in a taxable year. 720
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(b) The exemption provided in division (C)(17)(a) of this section does not apply under either of the following circumstances: 725
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(i) The individual's base of operation is located in the municipal corporation. 728
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(ii) The individual is a professional athlete, professional entertainer, or public figure, and the compensation is paid for the performance of services in the individual's capacity as a professional athlete, professional entertainer, or public figure. For purposes of division (C)(17)(b)(ii) of this section, "professional athlete," "professional entertainer," and "public figure" have the same meanings as in section 718.011 of the Revised Code. 730
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(c) Compensation to which division (C)(17) of this section applies shall be treated as earned or received at the individual's base of operation. If the individual does not have a base of operation, the compensation shall be treated as earned or received 738
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where the individual is domiciled. 742

(d) For purposes of division (C)(17) of this section, "base of operation" means the location where an individual owns or rents an office, storefront, or similar facility to which the individual regularly reports and at which the individual regularly performs personal services for compensation. 743
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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 is subject to taxation because of residence, municipal income tax shall be payable only to the municipal corporation of residence. 748
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(19) Income the taxation of which is prohibited by the constitution or laws of the United States. 759
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Any item of income that is exempt income of a pass-through entity under division (C) of this section is exempt income of each owner of the pass-through entity to the extent of that owner's distributive or proportionate share of that item of the entity's income. 761
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(D)(1) "Net profit" for a person other than an individual means adjusted federal taxable income. 766
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(2) "Net profit" for a person who is an individual means the individual's net profit required to be reported on schedule C, schedule E, or schedule F reduced by any net operating loss carried forward. For the purposes of division (D)(2) of this section, the net operating loss carried forward shall be 768
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calculated and deducted in the same manner as provided in division (E)(8) of this section. 773
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(3) For the purposes of this chapter, and notwithstanding division (D)(1) of this section, net profit of a disregarded entity shall not be taxable as against that disregarded entity, but shall instead be included in the net profit of the owner of the disregarded entity. 775
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(E) "Adjusted federal taxable income," for a person required to file as a C corporation means a C corporation's federal taxable income before net operating losses and special deductions as determined under the Internal Revenue Code, adjusted as follows: 780
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(1) Deduct intangible income to the extent included in federal taxable income. The deduction shall be allowed regardless of whether the intangible income relates to assets used in a trade or business or assets held for the production of income. 784
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(2) Add an amount equal to five per cent of intangible income deducted under division (E)(1) of this section, but excluding that portion of intangible income directly related to the sale, exchange, or other disposition of property described in section 1221 of the Internal Revenue Code; 788
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(3) Add any losses allowed as a deduction in the computation of federal taxable income if the losses directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code; 793
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(4)(a) Except as provided in division (E)(4)(b) of this section, deduct income and gain included in federal taxable income to the extent the income and gain directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code; 797
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(b) Division (E)(4)(a) of this section does not apply to the extent the income or gain is income or gain described in section 802
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1245 or 1250 of the Internal Revenue Code. 804

(5) Add taxes on or measured by net income allowed as a deduction in the computation of federal taxable income; 805
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(6) In the case of a real estate investment trust or regulated investment company, add all amounts with respect to dividends to, distributions to, or amounts set aside for or credited to the benefit of investors and allowed as a deduction in the computation of federal taxable income; 807
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(7) Deduct, to the extent not otherwise deducted or excluded in computing federal taxable income, any income derived from a transfer agreement or from the enterprise transferred under that agreement under section 4313.02 of the Revised Code; 812
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(8)(a) Except as limited by divisions (E)(8)(b), (c), and (d) of this section, deduct any net operating loss incurred by the person in a taxable year beginning on or after January 1, 2017. 816
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The amount of such net operating loss shall be deducted from net profit that is 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. 819
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(b) No person shall use the deduction allowed by division (E)(8) of this section to offset qualifying wages. 826
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(c)(i) For taxable years beginning in 2018, 2019, 2020, 2021, or 2022, a person may not deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, more than fifty per cent of the amount of the deduction otherwise allowed by division (E)(8)(a) of this section. 828
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(ii) For taxable years beginning in 2023 or thereafter, a 833

person may deduct, for purposes of an income tax levied by a 834
municipal corporation that levies an income tax before January 1, 835
2016, the full amount allowed by division (E)(8)(a) of this 836
section. 837

(d) Any pre-2017 net operating loss carryforward deduction 838
that is available must be utilized before a taxpayer may deduct 839
any amount pursuant to division (E)(8) of this section. 840

(e) Nothing in divisions (E)(8)(c)(i) and (ii) of this 841
section precludes a person from carrying forward, for the period 842
otherwise permitted under division (E)(8)(a) of this section, any 843
amount of net operating loss that was not fully utilized by 844
operation of divisions (E)(8)(c)(i) and (ii) of this section. 845

(9) Deduct any net profit of a pass-through entity owned 846
directly or indirectly by the taxpayer and included in the 847
taxpayer's federal taxable income unless an affiliated group of 848
corporations includes that net profit in the group's federal 849
taxable income in accordance with division (E)(3)(b) of section 850
718.06 of the Revised Code. 851

(10) Add any loss incurred by a pass-through entity owned 852
directly or indirectly by the taxpayer and included in the 853
taxpayer's federal taxable income unless an affiliated group of 854
corporations includes that loss in the group's federal taxable 855
income in accordance with division (E)(3)(b) of section 718.06 of 856
the Revised Code. 857

If the taxpayer is not a C corporation, is not a disregarded 858
entity, and is not an individual, the taxpayer shall compute 859
adjusted federal taxable income under this section as if the 860
taxpayer were a C corporation, except guaranteed payments and 861
other similar amounts paid or accrued to a partner, former 862
partner, shareholder, former shareholder, member, or former member 863
shall not be allowed as a deductible expense unless such payments 864

are in consideration for the use of capital and treated as payment 865
of interest under section 469 of the Internal Revenue Code or 866
United States treasury regulations. Amounts paid or accrued to a 867
qualified self-employed retirement plan with respect to a partner, 868
former partner, shareholder, former shareholder, member, or former 869
member of the taxpayer, amounts paid or accrued to or for health 870
insurance for a partner, former partner, shareholder, former 871
shareholder, member, or former member, and amounts paid or accrued 872
to or for life insurance for a partner, former partner, 873
shareholder, former shareholder, member, or former member shall 874
not be allowed as a deduction. 875

Nothing in division (E) of this section shall be construed as 876
allowing the taxpayer to add or deduct any amount more than once 877
or shall be construed as allowing any taxpayer to deduct any 878
amount paid to or accrued for purposes of federal self-employment 879
tax. 880

(F) "Schedule C" means internal revenue service schedule C 881
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 882
Code. 883

(G) "Schedule E" means internal revenue service schedule E 884
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 885
Code. 886

(H) "Schedule F" means internal revenue service schedule F 887
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 888
Code. 889

(I) "Internal Revenue Code" has the same meaning as in 890
section 5747.01 of the Revised Code. 891

(J) "Resident" means an individual who is domiciled in the 892
municipal corporation as determined under section 718.012 of the 893
Revised Code. 894

(K) "Nonresident" means an individual that is not a resident. 895

(L)(1) "Taxpayer" means a person subject to a tax levied on 896
income by a municipal corporation in accordance with this chapter. 897
"Taxpayer" does not include a grantor trust or, except as provided 898
in division (L)(2)(a) of this section, a disregarded entity. 899

(2)(a) A single member limited liability company that is a 900
disregarded entity for federal tax purposes may be a separate 901
taxpayer from its single member in all Ohio municipal corporations 902
in which it either filed as a separate taxpayer or did not file 903
for its taxable year ending in 2003, if all of the following 904
conditions are met: 905

(i) The limited liability company's single member is also a 906
limited liability company. 907

(ii) The limited liability company and its single member were 908
formed and doing business in one or more Ohio municipal 909
corporations for at least five years before January 1, 2004. 910

(iii) Not later than December 31, 2004, the limited liability 911
company and its single member each made an election to be treated 912
as a separate taxpayer under division (L) of this section as this 913
section existed on December 31, 2004. 914

(iv) The limited liability company was not formed for the 915
purpose of evading or reducing Ohio municipal corporation income 916
tax liability of the limited liability company or its single 917
member. 918

(v) The Ohio municipal corporation that was the primary place 919
of business of the sole member of the limited liability company 920
consented to the election. 921

(b) For purposes of division (L)(2)(a)(v) of this section, a 922
municipal corporation was the primary place of business of a 923
limited liability company if, for the limited liability company's 924
taxable year ending in 2003, its income tax liability was greater 925
in that municipal corporation than in any other municipal 926

corporation in Ohio, and that tax liability to that municipal 927
corporation for its taxable year ending in 2003 was at least four 928
hundred thousand dollars. 929

(M) "Person" includes individuals, firms, companies, joint 930
stock companies, business trusts, estates, trusts, partnerships, 931
limited liability partnerships, limited liability companies, 932
associations, C corporations, S corporations, governmental 933
entities, and any other entity. 934

(N) "Pass-through entity" means a partnership not treated as 935
an association taxable as a C corporation for federal income tax 936
purposes, a limited liability company not treated as an 937
association taxable as a C corporation for federal income tax 938
purposes, an S corporation, or any other class of entity from 939
which the income or profits of the entity are given pass-through 940
treatment for federal income tax purposes. "Pass-through entity" 941
does not include a trust, estate, grantor of a grantor trust, or 942
disregarded entity. 943

(O) "S corporation" means a person that has made an election 944
under subchapter S of Chapter 1 of Subtitle A of the Internal 945
Revenue Code for its taxable year. 946

(P) "Single member limited liability company" means a limited 947
liability company that has one direct member. 948

(Q) "Limited liability company" means a limited liability 949
company formed under Chapter 1705. of the Revised Code or under 950
the laws of another state. 951

(R) "Qualifying wages" means wages, as defined in section 952
3121(a) of the Internal Revenue Code, without regard to any wage 953
limitations, adjusted as follows: 954

(1) Deduct the following amounts: 955

(a) Any amount included in wages if the amount constitutes 956

compensation attributable to a plan or program described in 957
section 125 of the Internal Revenue Code. 958

(b) Any amount included in wages if the amount constitutes 959
payment on account of a disability related to sickness or an 960
accident paid by a party unrelated to the employer, agent of an 961
employer, or other payer. 962

(c) Any amount attributable to a nonqualified deferred 963
compensation plan or program described in section 3121(v)(2)(C) of 964
the Internal Revenue Code if the compensation is included in wages 965
and the municipal corporation has, by resolution or ordinance 966
adopted before January 1, 2016, exempted the amount from 967
withholding and tax. 968

(d) Any amount included in wages if the amount arises from 969
the sale, exchange, or other disposition of a stock option, the 970
exercise of a stock option, or the sale, exchange, or other 971
disposition of stock purchased under a stock option and the 972
municipal corporation has, by resolution or ordinance adopted 973
before January 1, 2016, exempted the amount from withholding and 974
tax. 975

(e) Any amount included in wages that is exempt income. 976

(2) Add the following amounts: 977

(a) Any amount not included in wages solely because the 978
employee was employed by the employer before April 1, 1986. 979

(b) Any amount not included in wages because the amount 980
arises from the sale, exchange, or other disposition of a stock 981
option, the exercise of a stock option, or the sale, exchange, or 982
other disposition of stock purchased under a stock option and the 983
municipal corporation has not, by resolution or ordinance, 984
exempted the amount from withholding and tax adopted before 985
January 1, 2016. Division (R)(2)(b) of this section applies only 986
to those amounts constituting ordinary income. 987

<u>(c) Any amount not included in wages if the amount is an</u>	988
<u>amount described in section 401(k), 403(b), or 457 of the Internal</u>	989
<u>Revenue Code. Division (R)(2)(c) of this section applies only to</u>	990
<u>employee contributions and employee deferrals.</u>	991
<u>(d) Any amount that is supplemental unemployment compensation</u>	992
<u>benefits described in section 3402(o)(2) of the Internal Revenue</u>	993
<u>Code and not included in wages.</u>	994
<u>(e) Any amount received that is treated as self-employment</u>	995
<u>income for federal tax purposes in accordance with section</u>	996
<u>1402(a)(8) of the Internal Revenue Code.</u>	997
<u>(f) Any amount not included in wages if all of the following</u>	998
<u>apply:</u>	999
<u>(i) For the taxable year the amount is employee compensation</u>	1000
<u>that is included in the taxpayer's gross income for federal income</u>	1001
<u>tax purposes;</u>	1002
<u>(ii) For no preceding taxable year did the amount constitute</u>	1003
<u>wages as defined in section 3121(a) of the Internal Revenue Code;</u>	1004
<u>(iii) For no succeeding taxable year will the amount</u>	1005
<u>constitute wages; and</u>	1006
<u>(iv) For any taxable year the amount has not otherwise been</u>	1007
<u>added to wages pursuant to either division (R)(2) of this section</u>	1008
<u>or section 718.03 of the Revised Code, as that section existed</u>	1009
<u>before the effective date of H.B. 5 of the 130th general assembly.</u>	1010
<u>(S) "Intangible income" means income of any of the following</u>	1011
<u>types: income yield, interest, capital gains, dividends, or other</u>	1012
<u>income arising from the ownership, sale, exchange, or other</u>	1013
<u>disposition of intangible property including, but not limited to,</u>	1014
<u>investments, deposits, money, or credits as those terms are</u>	1015
<u>defined in Chapter 5701. of the Revised Code, and patents,</u>	1016
<u>copyrights, trademarks, tradenames, investments in real estate</u>	1017

investment trusts, investments in regulated investment companies, 1018
and appreciation on deferred compensation. "Intangible income" 1019
does not include prizes, awards, or other income associated with 1020
any lottery winnings, gambling winnings, or other similar games of 1021
chance. 1022

(T) "Taxable year" means the corresponding tax reporting 1023
period as prescribed for the taxpayer under the Internal Revenue 1024
Code. 1025

(U) "Tax administrator" means the individual charged with 1026
direct responsibility for administration of an income tax levied 1027
by a municipal corporation in accordance with this chapter, and 1028
also includes the following: 1029

(1) A municipal corporation acting as the agent of another 1030
municipal corporation; 1031

(2) A person retained by a municipal corporation to 1032
administer a tax levied by the municipal corporation, but only if 1033
the municipal corporation does not compensate the person in whole 1034
or in part on a contingency basis; 1035

(3) The central collection agency or the regional income tax 1036
agency or their successors in interest, or another entity 1037
organized to perform functions similar to those performed by the 1038
central collection agency and the regional income tax agency. 1039

(V) "Employer" means a person that is an employer for federal 1040
income tax purposes. 1041

(W) "Employee" means an individual who is an employee for 1042
federal income tax purposes. 1043

(X) "Other payer" means any person, other than an 1044
individual's employer or the employer's agent, that pays an 1045
individual any amount included in the federal gross income of the 1046
individual. "Other payer" includes casino operators and video 1047

<u>lottery terminal sales agents.</u>	1048
<u>(Y) "Calendar quarter" means the three-month period ending on the last day of March, June, September, or December.</u>	1049
<u>(Z) "Form 2106" means internal revenue service form 2106 filed by a taxpayer pursuant to the Internal Revenue Code.</u>	1051
<u>(AA) "Municipal corporation" includes a joint economic development district or joint economic development zone that levies an income tax under section 715.691, 715.70, 715.71, or 715.74 of the Revised Code.</u>	1052
<u>(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.</u>	1053
<u>(CC) "Generic form" means an electronic or paper form that is not prescribed by a particular municipal corporation and that is 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.</u>	1054
<u>(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.</u>	1055
<u>(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.</u>	1056
<u>(FF) "Local board of tax review" and "board of tax review" mean the entity created under section 718.11 of the Revised Code.</u>	1057
<u>(GG) "Net operating loss" means a loss incurred by a person</u>	1058
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in the operation of a trade or business. "Net operating loss" does 1078
not include unutilized losses resulting from basis limitations, 1079
at-risk limitations, or passive activity loss limitations. 1080

(HH) "Casino operator" and "casino facility" have the same 1081
meanings as in section 3772.01 of the Revised Code. 1082

(II) "Video lottery terminal" has the same meaning as in 1083
section 3770.21 of the Revised Code. 1084

(JJ) "Video lottery terminal sales agent" means a lottery 1085
sales agent licensed under Chapter 3770. of the Revised Code to 1086
conduct video lottery terminals on behalf of the state pursuant to 1087
section 3770.21 of the Revised Code. 1088

(KK) "Postal service" means the United States postal service. 1089

(LL) "Certified mail," "express mail," "United States mail," 1090
"postal service," and similar terms include any delivery service 1091
authorized pursuant to section 5703.056 of the Revised Code. 1092

(MM) "Postmark date," "date of postmark," and similar terms 1093
include the date recorded and marked in the manner described in 1094
division (B)(3) of section 5703.056 of the Revised Code. 1095

(NN) "Related member" means a person that, with respect to 1096
the taxpayer during all or any portion of the taxable year, is 1097
either a related entity, a component member as defined in section 1098
1563(b) of the Internal Revenue Code, or a person to or from whom 1099
there is attribution of stock ownership in accordance with section 1100
1563(e) of the Internal Revenue Code except, for purposes of 1101
determining whether a person is a related member under this 1102
division, "twenty per cent" shall be substituted for "5 percent" 1103
wherever "5 percent" appears in section 1563(e) of the Internal 1104
Revenue Code. 1105

(OO) "Related entity" means any of the following: 1106

(1) An individual stockholder, or a member of the 1107

stockholder's family enumerated in section 318 of the Internal Revenue Code, if the stockholder and the members of the stockholder's family own directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock; 1108
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(2) A stockholder, or a stockholder's partnership, estate, trust, or corporation, if the stockholder and the stockholder's partnerships, estates, trusts, or corporations own directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock; 1113
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(3) A corporation, or a party related to the corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under division (00)(4) of this section, provided the taxpayer owns directly, indirectly, beneficially, or constructively, at least fifty per cent of the value of the corporation's outstanding stock; 1119
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(4) The attribution rules described in section 318 of the Internal Revenue Code apply for the purpose of determining whether the ownership requirements in divisions (00)(1) to (3) of this section have been met. 1126
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(PP)(1) "Assessment" means a written finding by the tax administrator that a person has underpaid municipal income tax, or owes penalty and interest, or any combination of tax, penalty, or interest, to the municipal corporation that commences the person's time limitation for making an appeal to the local board of tax review pursuant to section 718.11 of the Revised Code, and has "ASSESSMENT" written in all capital letters at the top of such finding. 1130
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(2) "Assessment" does not include an informal notice denying 1138

a request for refund issued under division (B)(3) of section 1139
718.19 of the Revised Code, a billing statement notifying a 1140
taxpayer of current or past-due balances owed to the municipal 1141
corporation, a tax administrator's request for additional 1142
information, a notification to the taxpayer of mathematical 1143
errors, or a tax administrator's other written correspondence to a 1144
person or taxpayer that does meet the criteria prescribed by 1145
division (PP)(1) of this section. 1146

(OO) "Taxpayers' rights and responsibilities" means the 1147
rights provided to taxpayers in sections 718.11, 718.12, 718.19, 1148
718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the 1149
Revised Code and the responsibilities of taxpayers to file, 1150
report, withhold, remit, and pay municipal income tax and 1151
otherwise comply with Chapter 718. of the Revised Code and 1152
resolutions, ordinances, and rules adopted by a municipal 1153
corporation for the imposition and administration of a municipal 1154
income tax. 1155

(RR) "Qualified municipal corporation" means a municipal 1156
corporation that, by resolution or ordinance adopted on or before 1157
December 31, 2011, adopted Ohio adjusted gross income, as defined 1158
by section 5747.01 of the Revised Code, as the income subject to 1159
tax for the purposes of imposing a municipal income tax. 1160

(SS)(1) "Pre-2017 net operating loss carryforward" means any 1161
net operating loss incurred in a taxable year beginning before 1162
January 1, 2017, to the extent such loss was permitted, by a 1163
resolution or ordinance of the municipal corporation that was 1164
adopted by the municipal corporation before January 1, 2016, to be 1165
carried forward and utilized to offset income or net profit 1166
generated in such municipal corporation in future taxable years. 1167

(2) For the purpose of calculating municipal taxable income, 1168
any pre-2017 net operating loss carryforward may be carried 1169
forward to any taxable year, including taxable years beginning in 1170

2017 or thereafter, for the number of taxable years provided in 1171
the resolution or ordinance or until fully utilized, whichever is 1172
earlier. 1173

(TT) "Small employer" means any employer that had total 1174
revenue of less than five hundred thousand dollars during the 1175
preceding taxable year. For purposes of this division, "total 1176
revenue" means receipts of any type or kind, including, but not 1177
limited to, sales receipts; payments; rents; profits; gains, 1178
dividends, and other investment income; compensation; commissions; 1179
premiums; money; property; grants; contributions; donations; 1180
gifts; program service revenue; patient service revenue; premiums; 1181
fees, including premium fees and service fees; tuition payments; 1182
unrelated business revenue; reimbursements; any type of payment 1183
from a governmental unit, including grants and other allocations; 1184
and any other similar receipts reported for federal income tax 1185
purposes or under generally accepted accounting principles. "Small 1186
employer" does not include the federal government; any state 1187
government, including any state agency or instrumentality; any 1188
political subdivision; or any entity treated as a government for 1189
financial accounting and reporting purposes. 1190

(UU) "Audit" means the examination of a person or the 1191
inspection of the books, records, memoranda, or accounts of a 1192
person for the purpose of determining liability for a municipal 1193
income tax. 1194

Sec. 718.011. (A) As used in this section: 1195

(1) "Employer" includes a person that is a related member to 1196
or of an employer. 1197

(2) "Professional athlete" means an athlete who performs 1198
services in a professional athletic event for wages or other 1199
remuneration. 1200

(3) "Professional entertainer" means a person who performs services in the professional performing arts for wages or other remuneration on a per-event basis. 1201
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(4) "Public figure" means a person of prominence who performs services at discrete events, such as speeches, public appearances, or similar events, for wages or other remuneration on a per-event basis. 1204
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(5) "Fixed location" means a permanent place of doing business in this state, such as an office, warehouse, storefront, or similar location owned or controlled by an employer. 1208
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(6) "Worksite location" means a construction site or other temporary worksite in this state at which the employer provides services for more than twenty days during the calendar year. "Worksite location" does not include the home of an employee. 1211
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(7) "Principal place of work" means the fixed location to which an employee is required to report for employment duties on a regular and ordinary basis. If the employee is not required to report for employment duties on a regular and ordinary basis to a fixed location, "principal place of work" means the worksite location in this state to which the employee is required to report for employment duties on a regular and ordinary basis. If the employee is not required to report for employment duties on a regular and ordinary basis to a fixed location or worksite location, "principal place of work" means the location in this state at which the employee spends the greatest number of days in a calendar year performing services for or on behalf of the employee's employer. 1215
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If there is not a single municipal corporation in which the employee spent the "greatest number of days in a calendar year" performing services for or on behalf of the employer, but instead there are two or more municipal corporations in which the employee 1228
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spent an identical number of days that is greater than the number 1232
of days the employee spent in any other municipal corporation, the 1233
employer shall allocate any of the employee's qualifying wages 1234
subject to division (B)(1)(a) of this section among those two or 1235
more municipal corporations. The allocation shall be made using 1236
any fair and reasonable method, including, but not limited to, an 1237
equal allocation among such municipal corporations or an 1238
allocation based upon the time spent or sales made by the employee 1239
in each such municipal corporation. A municipal corporation to 1240
which qualifying wages are allocated under this division shall be 1241
the employee's "principal place of work" with respect to those 1242
qualifying wages for the purposes of this section. 1243

For the purposes of this division, the location at which an 1244
employee spends a particular day shall be determined in accordance 1245
with division (B)(2) of this section, except that "location" shall 1246
be substituted for "municipal corporation" wherever "municipal 1247
corporation" appears in that division. 1248

(B)(1) Subject to divisions (C), (E), (F), and (G) of this 1249
section, an employer is not required to withhold municipal income 1250
tax on qualifying wages paid to an employee for the performance of 1251
personal services in a municipal corporation that imposes such a 1252
tax if the employee performed such services in the municipal 1253
corporation on twenty or fewer days in a calendar year, unless one 1254
of the following conditions applies: 1255

(a) The employee's principal place of work is located in the 1256
municipal corporation. 1257

(b) The employee performed services at one or more presumed 1258
worksite locations in the municipal corporation. For the purposes 1259
of this division, "presumed worksite location" means a 1260
construction site or other temporary worksite in this state at 1261
which the employer provides services that can reasonably be 1262
expected by the employer to last more than twenty days in a 1263

calendar year. Services can "reasonably be expected by the 1264
employer to last more than twenty days" if either of the following 1265
applies at the time the services commence: 1266

(i) The nature of the services are such that it will require 1267
more than twenty days of actual services to complete the services; 1268

(ii) The agreement between the employer and its customer to 1269
perform services at a location requires the employer to perform 1270
actual services at the location for more than twenty days. 1271

(c) The employee is a resident of the municipal corporation 1272
and has requested that the employer withhold tax from the 1273
employee's qualifying wages as provided in section 718.03 of the 1274
Revised Code. 1275

(d) The employee is a professional athlete, professional 1276
entertainer, or public figure, and the qualifying wages are paid 1277
for the performance of services in the employee's capacity as a 1278
professional athlete, professional entertainer, or public figure. 1279

(2) For the purposes of division (B)(1) of this section, an 1280
employee shall be considered to have spent a day performing 1281
services in a municipal corporation only if the employee spent 1282
more time performing services for or on behalf of the employer in 1283
that municipal corporation than in any other municipal corporation 1284
on that day. For the purposes of determining the amount of time an 1285
employee spent in a particular location, the time spent performing 1286
one or more of the following activities shall be considered to 1287
have been spent at the employee's principal place of work: 1288

(a) Traveling to the location at which the employee will 1289
first perform services for the employer for the day; 1290

(b) Traveling from a location at which the employee was 1291
performing services for the employer to any other location; 1292

(c) Traveling from any location to another location in order 1293

to pick up or load, for the purpose of transportation or delivery, 1294
property that has been purchased, sold, assembled, fabricated, 1295
repaired, refurbished, processed, remanufactured, or improved by 1296
the employee's employer; 1297

(d) Transporting or delivering property described in division 1298
(B)(2)(c) of this section, provided that, upon delivery of the 1299
property, the employee does not temporarily or permanently affix 1300
the property to real estate owned, used, or controlled by a person 1301
other than the employee's employer; 1302

(e) Traveling from the location at which the employee makes 1303
the employee's final delivery or pick-up for the day to either the 1304
employee's principal place of work or a location at which the 1305
employee will not perform services for the employer. 1306

(C) If the principal place of work of an employee is located 1307
in a municipal corporation that imposes an income tax in 1308
accordance with this chapter, the exception from withholding 1309
requirements described in division (B)(1) of this section shall 1310
apply only if, with respect to the employee's qualifying wages 1311
described in that division, the employer withholds and remits tax 1312
on such qualifying wages to the municipal corporation in which the 1313
employee's principal place of work is located. 1314

(D)(1) Except as provided in division (D)(2) of this section, 1315
if, during a calendar year, the number of days an employee spends 1316
performing personal services in a municipal corporation exceeds 1317
the twenty-day threshold described in division (B)(1) of this 1318
section, the employer shall withhold and remit tax to that 1319
municipal corporation for any subsequent days in that calendar 1320
year on which the employer pays qualifying wages to the employee 1321
for personal services performed in that municipal corporation. 1322

(2) An employer required to begin withholding tax for a 1323
municipal corporation under division (D)(1) of this section may 1324

elect to withhold tax for that municipal corporation for the first 1325
twenty days on which the employer paid qualifying wages to the 1326
employee for personal services performed in that municipal 1327
corporation. 1328

(3) If an employer makes the election described in division 1329
(D)(2) of this section, the taxes withheld and paid by such an 1330
employer during those first twenty days to the municipal 1331
corporation in which the employee's principal place of work is 1332
located are refundable to the employee. 1333

(E) Without regard to the number of days in a calendar year 1334
on which an employee performs personal services in any municipal 1335
corporation, an employer shall withhold municipal income tax on 1336
all of the employee's qualifying wages for a taxable year and 1337
remit that tax only to the municipal corporation in which the 1338
employer's fixed location is located if the employer qualifies as 1339
a small employer as defined in section 718.01 of the Revised Code. 1340

To determine whether an employer qualifies as a small 1341
employer for a taxable year, a tax administrator may require the 1342
employer to provide the tax administrator with the employer's 1343
federal income tax return for the preceding taxable year. 1344

(F) Divisions (B)(1) and (D) of this section shall not apply 1345
to the extent that a tax administrator and an employer enter into 1346
an agreement regarding the manner in which the employer shall 1347
comply with the requirements of section 718.03 of the Revised 1348
Code. 1349

(G) In the case of a person performing personal services at a 1350
petroleum refinery located in a municipal corporation that imposes 1351
a tax on income, an employer is not required to withhold municipal 1352
income tax on the qualifying wages of such a person if the person 1353
performs those services on twelve or fewer days in a calendar 1354
year, unless the principal place of work of the employer is 1355

located in another municipal corporation in this state that 1356
imposes a tax applying to compensation paid to the person for 1357
services performed on those days and the person is not liable to 1358
that other municipal corporation for tax on the compensation paid 1359
for such services. For the purposes of this division, a petroleum 1360
refinery is a facility with a standard industrial classification 1361
code facility classification of 2911, petroleum refining. 1362

Notwithstanding division (D) of this section, if, during a 1363
calendar year, the number of days an individual performs personal 1364
services at a petroleum refinery exceeds twelve, the employer 1365
shall withhold tax for the municipal corporation for the first 1366
twelve days for which the employer paid qualifying wages to the 1367
individual and for all subsequent days in the calendar year on 1368
which the individual performed services at the refinery. 1369

Sec. 718.012. (A)(1) An individual is presumed to be 1370
domiciled in a municipal corporation for all or part of a taxable 1371
year if the individual was domiciled in the municipal corporation 1372
on the last day of the immediately preceding taxable year or if 1373
the tax administrator reasonably concludes that the individual is 1374
domiciled in the municipal corporation for all or part of the 1375
taxable year. 1376

(2) An individual may rebut the presumption of domicile 1377
described in division (A)(1) of this section if the individual 1378
establishes by a preponderance of the evidence that the individual 1379
was not domiciled in the municipal corporation for all or part of 1380
the taxable year. 1381

(B) For the purpose of determining whether an individual is 1382
domiciled in a municipal corporation for all or part of a taxable 1383
year, only the following factors shall be considered: 1384

(1) The location of financial institutions in which the 1385
individual or the individual's spouse have any accounts, 1386

<u>including, but not limited to, checking, savings, certificates of deposit, or individual retirement accounts;</u>	1387
	1388
<u>(2) The location of issuers of credit cards to the individual or the individual's spouse or of any other persons making installment loans to the individual or the individual's spouse;</u>	1389
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<u>(3) The location of institutional lenders which have made loans to, or which are guaranteed by, the individual or the individual's spouse;</u>	1392
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<u>(4) The location of investment facilities, brokerage firms, realtors, financial advisors, or consultants used by the individual or the individual's spouse;</u>	1395
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<u>(5) The location of either the insurance company that issued or the insurance agent that sold any policy of insurance to the individual or the individual's spouse, including, but not limited to, life, health, disability, automobile, or homeowner's insurance;</u>	1398
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<u>(6) The location of law firms, accounting firms, and similar professionals utilized by the individual or the individual's spouse for legal, tax, accounting, financial, or retirement services;</u>	1403
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<u>(7) The location of physicians, dentists, osteopaths, optometrists, or other health care providers, or veterinarians utilized by the individual or the individual's spouse;</u>	1407
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<u>(8) The location of organizations described in section 501(c) of the Internal Revenue Code to which the individual or the individual's spouse make contributions or other payments or in which they participate as a congregant, member, board member, committee member, adviser, or consultant;</u>	1410
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<u>(9) The location of burial plots owned by the individual or the individual's spouse;</u>	1415
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(10) The location of business ventures or business entities 1417
in which the individual or the individual's spouse has a more than 1418
twenty-five per cent ownership interest or in which the individual 1419
exercises, either individually or jointly, significant control 1420
over the affairs of the venture or entity; 1421

(11) The recitation of residency or domicile in a will, 1422
trust, or other estate planning document; 1423

(12) The location of the individual's friends, dependents as 1424
defined in section 152 of the Internal Revenue Code, and family 1425
members other than the individual's spouse, if the individual is 1426
not legally separated from the individual's spouse under a decree 1427
of divorce or separate maintenance as provided in section 1428
7703(a)(2) of the Internal Revenue Code; 1429

(13) The location of educational institutions attended by the 1430
individual's dependents as defined in section 152 of the Internal 1431
Revenue Code, to the extent that tuition paid to such educational 1432
institution is based on the residency of the individual or the 1433
individual's spouse in the municipal corporation where the 1434
educational institution is located; 1435

(14) The location of trustees, executors, guardians, or other 1436
fiduciaries named in estate planning documents of the individual 1437
or the individual's spouse; 1438

(15) The location of all businesses at which the individual 1439
or the individual's spouse makes purchases of tangible personal 1440
property; 1441

(16) The location where the individual married; 1442

(17) The location or identity of recipients of political 1443
contributions made by the individual or the individual's spouse; 1444

(18) The number of contact periods the individual has with 1445
the municipal corporation. For the purposes of this division, an 1446

individual has one "contact period" with a municipal corporation 1447
if the individual is away overnight from the individual's abode 1448
located outside of the municipal corporation and while away 1449
overnight from that abode spends at least some portion, however 1450
minimal, of each of two consecutive days in the municipal 1451
corporation. 1452

(19) The individual's domicile in other taxable years; 1453

(20) The location at which the individual is registered to 1454
vote; 1455

(21) The address on the individual's driver's license; 1456

(22) The location of real estate for which the individual 1457
claimed a property tax exemption or reduction allowed on the basis 1458
of the individual's residence or domicile; 1459

(23) The location and value of abodes owned or leased by the 1460
individual; 1461

(24) Declarations, written or oral, made by the individual 1462
regarding the individual's residency; 1463

(25) The primary location at which the individual is 1464
employed. 1465

Sec. 718.02. ~~This section does not apply to taxpayers that~~ 1466
~~are subject to and required to file reports under Chapter 5745. of~~ 1467
~~the Revised Code. applies to any taxpayer engaged in a business or~~ 1468
profession in a municipal corporation that imposes an income tax 1469
in accordance with this chapter, unless the taxpayer is an 1470
individual who resides in the municipal corporation or the 1471
taxpayer is an electric company, combined company, or telephone 1472
company that is subject to and required to file reports under 1473
Chapter 5745. of the Revised Code. 1474

(A) Except as otherwise provided in division ~~(D)~~(B) of this 1475
section, net profit from a business or profession conducted both 1476

within and without the boundaries of a municipal corporation shall 1477
be considered as having a taxable situs in ~~such~~ the municipal 1478
corporation for purposes of municipal income taxation in the same 1479
proportion as the average ratio of the following: 1480

(1) The average original cost of the real property and 1481
tangible personal property owned or used by the taxpayer in the 1482
business or profession in ~~such~~ the municipal corporation during 1483
the taxable period to the average original cost of all of the real 1484
and tangible personal property owned or used by the taxpayer in 1485
the business or profession during the same period, wherever 1486
situated. 1487

As used in the preceding paragraph, tangible personal or real 1488
property shall include property rented or leased by the taxpayer 1489
and the value of such property shall be determined by multiplying 1490
the annual rental thereon by eight; 1491

(2) Wages, salaries, and other compensation paid during the 1492
taxable period to ~~persons~~ individuals employed in the business or 1493
profession for services performed in ~~such~~ the municipal 1494
corporation to wages, salaries, and other compensation paid during 1495
the same period to ~~persons~~ individuals employed in the business or 1496
profession, wherever ~~their~~ the individual's services are 1497
performed, excluding compensation ~~that is not taxable by the~~ 1498
~~municipal corporation under section 718.011 from which taxes are~~ 1499
~~not required to be withheld under section 718.011~~ of the Revised 1500
Code; 1501

(3) ~~Gross~~ Total gross receipts of the business or profession 1502
from sales and rentals made and services performed during the 1503
taxable period in ~~such~~ the municipal corporation to total gross 1504
receipts of the business or profession during the same period from 1505
sales, rentals, and services, wherever made or performed. 1506

~~If the foregoing apportionment formula does not produce an~~ 1507

~~equitable result, another basis may be substituted, under uniform 1508
regulations, so as to produce an equitable result. 1509~~

~~(B) As used in division (A) of this section, "sales made in a 1510
municipal corporation" mean: 1511~~

~~(1) All sales of tangible personal property delivered within 1512
such municipal corporation regardless of where title passes if 1513
shipped or delivered from a stock of goods within such municipal 1514
corporation; 1515~~

~~(2) All sales of tangible personal property delivered within 1516
such municipal corporation regardless of where title passes even 1517
though transported from a point outside such municipal corporation 1518
if the taxpayer is regularly engaged through its own employees in 1519
the solicitation or promotion of sales within such municipal 1520
corporation and the sales result from such solicitation or 1521
promotion; 1522~~

~~(3) All sales of tangible personal property shipped from a 1523
place within such municipal corporation to purchasers outside such 1524
municipal corporation regardless of where title passes if the 1525
taxpayer is not, through its own employees, regularly engaged in 1526
the solicitation or promotion of sales at the place where delivery 1527
is made. 1528~~

~~(C) Except as otherwise provided in division (D) of this 1529
section, net (B)(1) If the apportionment factors described in 1530
division (A) of this section do not fairly represent the extent of 1531
a taxpayer's business activity in a municipal corporation, the 1532
taxpayer may request, or the tax administrator of the municipal 1533
corporation may require, that the taxpayer use, with respect to 1534
all or any portion of the income of the taxpayer, an alternative 1535
apportionment method involving one or more of the following: 1536~~

~~(a) Separate accounting; 1537~~

~~(b) The exclusion of one or more of the factors; 1538~~

(c) The inclusion of one or more additional factors that 1539
would provide for a more fair apportionment of the income of the 1540
taxpayer to the municipal corporation; 1541

(d) A modification of one or more of the factors. 1542

(2) A taxpayer request to use an alternative apportionment 1543
method shall be in writing and shall accompany a tax return, 1544
timely filed appeal of an assessment, or timely filed amended tax 1545
return. The taxpayer may use the requested alternative method 1546
unless the tax administrator denies the request in an assessment 1547
issued within the period prescribed by division (A) of section 1548
718.12 of the Revised Code. 1549

(3) A tax administrator may require a taxpayer to use an 1550
alternative apportionment method as described in division (B)(1) 1551
of this section only by issuing an assessment to the taxpayer 1552
within the period prescribed by division (A) of section 718.12 of 1553
the Revised Code. 1554

(4) Nothing in division (B) of this section nullifies or 1555
otherwise affects any alternative apportionment arrangement 1556
approved by a tax administrator or otherwise agreed upon by both 1557
the tax administrator and taxpayer before January 1, 2016. 1558

(C) As used in division (A)(2) of this section, "wages, 1559
salaries, and other compensation" includes only wages, salaries, 1560
or other compensation paid to an employee for services performed 1561
at any of the following locations: 1562

(1) A location that is owned, controlled, or used by, rented 1563
to, or under the possession of one of the following: 1564

(a) The employer; 1565

(b) A vendor, customer, client, or patient of the employer, 1566
or a related member of such a vendor, customer, client, or 1567
patient; 1568

(c) A vendor, customer, client, or patient of a person 1569
described in division (C)(1)(b) of this section, or a related 1570
member of such a vendor, customer, client, or patient. 1571

(2) Any location at which a trial, appeal, hearing, 1572
investigation, inquiry, review, court-martial, or similar 1573
administrative, judicial, or legislative matter or proceeding is 1574
being conducted, provided that the compensation is paid for 1575
services performed for, or on behalf of, the employer or that the 1576
employee's presence at the location directly or indirectly 1577
benefits the employer; 1578

(3) Any other location, if the tax administrator determines 1579
that the employer directed the employee to perform the services at 1580
the other location in lieu of a location described in division 1581
(C)(1) or (2) of this section solely in order to avoid or reduce 1582
the employer's municipal income tax liability. If a tax 1583
administrator makes such a determination, the employer may dispute 1584
the determination by establishing, by a preponderance of the 1585
evidence, that the tax administrator's determination was 1586
unreasonable. 1587

(D) For the purposes of division (A)(3) of this section, 1588
receipts from sales and rentals made and services performed shall 1589
be sitused to a municipal corporation as follows: 1590

(1) Gross receipts from the sale of tangible personal 1591
property shall be sitused to the municipal corporation in which 1592
the sale originated. For the purposes of this division, a sale of 1593
property originates in a municipal corporation if, regardless of 1594
where title passes, the property meets any of the following 1595
criteria: 1596

(a) The property is shipped to or delivered within the 1597
municipal corporation from a stock of goods located within the 1598
municipal corporation. 1599

(b) The property is delivered within the municipal corporation from a location outside the municipal corporation, provided the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within such municipal corporation and the sales result from such solicitation or promotion. 1600
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(c) The property is shipped from a place within the municipal corporation to purchasers outside the municipal corporation, provided that the taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place where delivery is made. 1606
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(2) Gross receipts from the sale of services shall be sitused to the municipal corporation to the extent that such services are performed in the municipal corporation. 1611
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(3) To the extent included in income, gross receipts from the sale of real property located in the municipal corporation shall be sitused to the municipal corporation. 1614
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(4) To the extent included in income, gross receipts from rents and royalties from real property located in the municipal corporation shall be sitused to the municipal corporation. 1617
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(5) Gross receipts from rents and royalties from tangible personal property shall be sitused to the municipal corporation based upon the extent to which the tangible personal property is used in the municipal corporation. 1620
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(E) The net profit received by an individual taxpayer from the rental activity not constituting a business or profession of real estate owned directly by the individual or by a disregarded entity owned by the individual 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 individual taxpayer that receives the net profit resides. 1624
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~~(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 such taxpayers to elect to use separate accounting for the purpose of calculating net profit sitused under this division to the municipal corporation in which the property is located.

(F)(1) Except as provided in division (F)(2) of this section, commissions received by a real estate agent or broker relating to the sale, purchase, or lease of real estate shall be sitused to

the municipal corporation in which the real estate is located. Net 1663
profit reported by the real estate agent or broker shall be 1664
allocated to a municipal corporation based upon the ratio of the 1665
commissions the agent or broker received from the sale, purchase, 1666
or lease of real estate located in the municipal corporation to 1667
the commissions received from the sale, purchase, or lease of real 1668
estate everywhere in the taxable year. 1669

(2) An individual who is a resident of a municipal 1670
corporation that imposes a municipal income tax shall report the 1671
individual's net profit from all real estate activity on the 1672
individual's annual tax return for that municipal corporation. The 1673
individual may claim a credit for taxes the individual paid on 1674
such net profit to another municipal corporation to the extent 1675
that such a credit is allowed under the municipal income tax 1676
ordinance, or rules of the municipal corporation of residence. 1677

(G) If, in computing a taxpayer's adjusted federal taxable 1678
income, the taxpayer deducted any amount with respect to a stock 1679
option granted to an employee, and if the employee is not required 1680
to include in the employee's income any such amount or a portion 1681
thereof because it is exempted from taxation under divisions 1682
(C)(12) and (R)(1)(d) of section 718.01 of the Revised Code by a 1683
municipal corporation to which the taxpayer has apportioned a 1684
portion of its net profit, the taxpayer shall add the amount that 1685
is exempt from taxation to the taxpayer's net profit that was 1686
apportioned to that municipal corporation. In no case shall a 1687
taxpayer be required to add to its net profit that was apportioned 1688
to that municipal corporation any amount other than the amount 1689
upon which the employee would be required to pay tax were the 1690
amount related to the stock option not exempted from taxation. 1691

This division applies solely for the purpose of making an 1692
adjustment to the amount of a taxpayer's net profit that was 1693
apportioned to a municipal corporation under this section. 1694

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

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

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

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

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

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

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

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

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

~~(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.~~ 1725

~~(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.~~ 1726
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~~(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.~~ 1730
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~~(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.~~ 1733
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~~(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.~~ 1738
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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.~~ 1744
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(C)(1) 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 1750
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income tax, except for qualifying wages for which withholding is 1756
not required under section 718.011 of the Revised Code or division 1757
(D) or (F) of this section. An employer, agent of an employer, or 1758
other payer shall deduct and withhold the tax from qualifying 1759
wages on the date that the employer, agent, or other payer 1760
directly, indirectly, or constructively pays the qualifying wages 1761
to, or credits the qualifying wages to the benefit of, the 1762
employee. 1763

(2) In addition to withholding the amounts required under 1764
division (A)(1) of this section, an employer, agent of an 1765
employer, or other payer may also deduct and withhold, on the 1766
request of an employee, taxes for the municipal corporation in 1767
which the employee is a resident. 1768

(B)(1) Except as provided in division (B)(2) of this section, 1769
an employer, agent of an employer, or other payer shall remit to 1770
the tax administrator of a municipal corporation the greater of 1771
the income taxes deducted and withheld or the income taxes 1772
required to be deducted and withheld by the employer, agent, or 1773
other payer according to the following schedule: 1774

(a) Taxes required to be deducted and withheld shall be 1775
remitted monthly to the tax administrator if the total taxes 1776
deducted and withheld or required to be deducted and withheld by 1777
the employer, agent, or other payer on behalf of the municipal 1778
corporation in the preceding calendar year exceeded two thousand 1779
three hundred ninety-nine dollars, or if the total amount of taxes 1780
deducted and withheld or required to be deducted and withheld on 1781
behalf of the municipal corporation in any month of the preceding 1782
calendar quarter exceeded two hundred dollars. 1783

Payment under division (B)(1)(a) of this section shall be 1784
made so that the payment is received by the tax administrator not 1785
later than fifteen days after the last day of each month. 1786

(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. 1787
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(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: 1792
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(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: 1796
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(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; 1807
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(ii) If the taxes were deducted and withheld or required to be deducted and withheld after the fifteenth day of a month and before the first day of the immediately following month, the third banking day after the last day of that month. 1810
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(b) Make payment by electronic funds transfer to the tax administrator of all taxes deducted and withheld on behalf of the municipal corporation if the employer, agent of an employer, or other payer is required to make payments electronically for the 1814
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purpose of paying federal taxes withheld on payments to employees 1818
under section 6302 of the Internal Revenue Code, 26 C.F.R. 1819
31.6302-1, or any other federal statute or regulation. The payment 1820
of tax by electronic funds transfer under this division does not 1821
affect an employer's, agent's, or other payer's obligation to file 1822
any return as required under this section. 1823

(C) An employer, agent of an employer, or other payer shall 1824
make and file a return showing the amount of tax withheld by the 1825
employer, agent, or other payer from the qualifying wages of each 1826
employee and remitted to the tax administrator. Unless the tax 1827
administrator requires all individual taxpayers to file a tax 1828
return under section 718.05 of the Revised Code, a return filed by 1829
an employer, agent, or other payer under this division shall be 1830
accepted by a tax administrator and municipal corporation as the 1831
return required of an employee whose sole income subject to the 1832
tax under this chapter is the qualifying wages reported by the 1833
employee's employer, agent of an employer, or other payer. 1834

(D) An employer, agent of an employer, or other payer is not 1835
required to ~~make any withholding~~ withhold municipal income tax 1836
with respect to an individual's disqualifying disposition of an 1837
incentive stock option if, at the time of the disqualifying 1838
disposition, the individual is not an employee of either the 1839
corporation with respect to whose stock the option has been issued 1840
or of such corporation's successor entity. 1841

~~(D)~~(E)(1) An employee is not relieved from liability for a 1842
tax by the failure of the employer, agent of an employer, or other 1843
payer to withhold the tax as required ~~by a municipal corporation~~ 1844
under this chapter or by the employer's, agent's, or other payer's 1845
exemption from the requirement to withhold the tax. 1846

(2) The failure of an employer, agent of an employer, or 1847
other payer to remit to the municipal corporation the tax withheld 1848
relieves the employee from liability for that tax unless the 1849

employee colluded with the employer, agent, or other payer in 1850
connection with the failure to remit the tax withheld. 1851

~~(E)~~(F) Compensation deferred before June 26, 2003, is not 1852
subject to any municipal corporation income tax or municipal 1853
income tax withholding requirement to the extent the deferred 1854
compensation does not constitute qualifying wages at the time the 1855
deferred compensation is paid or distributed. 1856

~~(F) A municipal corporation may require a casino facility or 1857
a casino operator, as defined in Section 6(C)(9) of Article XV, 1858
Ohio Constitution, and section 3772.01 of the Revised Code, 1859
respectively, or a lottery sales agent conducting video lottery 1860
terminals on behalf of the state to withhold and remit tax with 1861
respect to amounts other than qualifying wages. 1862~~

(G) Each employer, agent of an employer, or other payer 1863
required to withhold taxes is liable for the payment of that 1864
amount required to be withheld, whether or not such taxes have 1865
been withheld, and such amount shall be deemed to be held in trust 1866
for the municipal corporation until such time as the withheld 1867
amount is remitted to the tax administrator. 1868

(H) On or before the last day of February of each year, an 1869
employer shall file a withholding reconciliation return with the 1870
tax administrator listing the names, addresses, and social 1871
security numbers of all employees from whose qualifying wages tax 1872
was withheld or should have been withheld for the municipal 1873
corporation during the preceding calendar year, the amount of tax 1874
withheld, if any, from each such employee, the total amount of 1875
qualifying wages paid to such employee during the preceding 1876
calendar year, the name of every other municipal corporation for 1877
which tax was withheld or should have been withheld from such 1878
employee during the preceding calendar year, any other information 1879
required for federal income tax reporting purposes on Internal 1880
Revenue Service form W-2 or its equivalent form with respect to 1881

such employee, and other information as may be required by the tax administrator. 1882
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(I) The officer or the employee of the employer, agent of an employer, or other payer with control or direct supervision of or charged with the responsibility for withholding the tax or filing the reports and making payments as required by this section, shall be personally liable for a failure to file a report or pay the tax due as required by this section. The dissolution of an employer, agent of an employer, or other payer does not discharge the officer's or employee's liability for a failure of the employer, agent of an employer, or other payer to file returns or pay any tax due. 1884
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(J) An employer is required to deduct and withhold municipal income tax on tips and gratuities received by the employer's employees and constituting qualifying wages only to the extent that the tips and gratuities are under the employer's control. For the purposes of this division, a tip or gratuity is under the employer's control if the tip or gratuity is paid by the customer to the employer for subsequent remittance to the employee, or if the customer pays the tip or gratuity by credit card, debit card, or other electronic means. 1894
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(K) A tax administrator shall consider any tax withheld by an employer at the request of an employee when such tax is not otherwise required to be withheld by this chapter to be tax required to be withheld and remitted for the purposes of this section. 1903
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Sec. 718.031. (A) A municipal corporation shall require a casino facility or a casino operator, as defined in Section 6(C)(9) of Article XV, Ohio Constitution, and section 3772.01 of the Revised Code, respectively, or a lottery sales agent conducting video lottery terminals on behalf of the state to 1908
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withhold and remit municipal income tax with respect to amounts 1913
other than qualifying wages as provided in this section. 1914

(B) If a person's winnings at a casino facility are an amount 1915
for which reporting to the internal revenue service of the amount 1916
is required by section 6041 of the Internal Revenue Code, as 1917
amended, the casino operator shall deduct and withhold municipal 1918
income tax from the person's winnings at the rate of the tax 1919
imposed by the municipal corporation in which the casino facility 1920
is located. 1921

(C) Amounts deducted and withheld by a casino operator are 1922
held in trust for the benefit of the municipal corporation to 1923
which the tax is owed. 1924

(1) On or before the tenth day of each month, the casino 1925
operator shall file a return electronically with the tax 1926
administrator of the municipal corporation, providing the name, 1927
address, and social security number of the person from whose 1928
winnings amounts were deducted and withheld, the amount of each 1929
such deduction and withholding during the preceding calendar 1930
month, the amount of the winnings from which each such amount was 1931
withheld, the type of casino gaming that resulted in such 1932
winnings, and any other information required by the tax 1933
administrator. With this return, the casino operator shall remit 1934
electronically to the municipal corporation all amounts deducted 1935
and withheld during the preceding month. 1936

(2) Annually, on or before the thirty-first day of January, a 1937
casino operator shall file an annual return electronically with 1938
the tax administrator of the municipal corporation in which the 1939
casino facility is located, indicating the total amount deducted 1940
and withheld during the preceding calendar year. The casino 1941
operator shall remit electronically with the annual return any 1942
amount that was deducted and withheld and that was not previously 1943

remitted. If the name, address, or social security number of a 1944
person or the amount deducted and withheld with respect to that 1945
person was omitted on a monthly return for that reporting period, 1946
that information shall be indicated on the annual return. 1947

(3) Annually, on or before the thirty-first day of January, a 1948
casino operator shall issue an information return to each person 1949
with respect to whom an amount has been deducted and withheld 1950
during the preceding calendar year. The information return shall 1951
show the total amount of municipal income tax deducted from the 1952
person's winnings during the preceding year. The casino operator 1953
shall provide to the tax administrator a copy of each information 1954
return issued under this division. The administrator may require 1955
that such copies be transmitted electronically. 1956

(4) A casino operator that fails to file a return and remit 1957
the amounts deducted and withheld shall be personally liable for 1958
the amount withheld and not remitted. Such personal liability 1959
extends to any penalty and interest imposed for the late filing of 1960
a return or the late payment of tax deducted and withheld. 1961

(5) If a casino operator sells the casino facility or 1962
otherwise quits the casino business, the amounts deducted and 1963
withheld along with any penalties and interest thereon are 1964
immediately due and payable. The successor shall withhold an 1965
amount of the purchase money that is sufficient to cover the 1966
amounts deducted and withheld along with any penalties and 1967
interest thereon until the predecessor casino operator produces 1968
either of the following: 1969

(a) A receipt from the tax administrator showing that the 1970
amounts deducted and withheld and penalties and interest thereon 1971
have been paid; 1972

(b) A certificate from the tax administrator indicating that 1973
no amounts are due. 1974

If the successor fails to withhold purchase money, the 1975
successor is personally liable for the payment of the amounts 1976
deducted and withheld and penalties and interest thereon. 1977

(6) The failure of a casino operator to deduct and withhold 1978
the required amount from a person's winnings does not relieve that 1979
person from liability for the municipal income tax with respect to 1980
those winnings. 1981

(D) If a person's prize award from a video lottery terminal 1982
is an amount for which reporting to the internal revenue service 1983
is required by section 6041 of the Internal Revenue Code, as 1984
amended, the video lottery sales agent shall deduct and withhold 1985
municipal income tax from the person's prize award at the rate of 1986
the tax imposed by the municipal corporation in which the video 1987
lottery terminal facility is located. 1988

(E) Amounts deducted and withheld by a video lottery sales 1989
agent are held in trust for the benefit of the municipal 1990
corporation to which the tax is owed. 1991

(1) The video lottery sales agent shall issue to a person 1992
from whose prize award an amount has been deducted and withheld a 1993
receipt for the amount deducted and withheld, and shall obtain 1994
from the person receiving a prize award the person's name, 1995
address, and social security number in order to facilitate the 1996
preparation of returns required by this section. 1997

(2) On or before the tenth day of each month, the video 1998
lottery sales agent shall file a return electronically with the 1999
tax administrator of the municipal corporation providing the 2000
names, addresses, and social security numbers of the persons from 2001
whose prize awards amounts were deducted and withheld, the amount 2002
of each such deduction and withholding during the preceding 2003
calendar month, the amount of the prize award from which each such 2004
amount was withheld, and any other information required by the tax 2005

administrator. With the return, the video lottery sales agent 2006
shall remit electronically to the tax administrator all amounts 2007
deducted and withheld during the preceding month. 2008

(3) A video lottery sales agent shall maintain a record of 2009
all receipts issued under division (E) of this section and shall 2010
make those records available to the tax administrator upon 2011
request. Such records shall be maintained in accordance with 2012
section 5747.17 of the Revised Code and any rules adopted pursuant 2013
thereto. 2014

(4) Annually, on or before the thirty-first day of January, 2015
each video lottery terminal sales agent shall file an annual 2016
return electronically with the tax administrator of the municipal 2017
corporation in which the facility is located indicating the total 2018
amount deducted and withheld during the preceding calendar year. 2019
The video lottery sales agent shall remit electronically with the 2020
annual return any amount that was deducted and withheld and that 2021
was not previously remitted. If the name, address, or social 2022
security number of a person or the amount deducted and withheld 2023
with respect to that person was omitted on a monthly return for 2024
that reporting period, that information shall be indicated on the 2025
annual return. 2026

(5) Annually, on or before the thirty-first day of January, a 2027
video lottery sales agent shall issue an information return to 2028
each person with respect to whom an amount has been deducted and 2029
withheld during the preceding calendar year. The information 2030
return shall show the total amount of municipal income tax 2031
deducted and withheld from the person's prize award by the video 2032
lottery sales agent during the preceding year. A video lottery 2033
sales agent shall provide to the tax administrator of the 2034
municipal corporation a copy of each information return issued 2035
under this division. The tax administrator may require that such 2036
copies be transmitted electronically. 2037

(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. 2038
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(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: 2044
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(1) A receipt from the tax administrator showing that the amounts deducted and withheld and penalties and interest thereon have been paid; 2053
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(2) A certificate from the tax administrator indicating that no amounts are due. 2056
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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. 2058
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(G) The failure of a video lottery sales agent to deduct and withhold the required amount from a person's prize award does not relieve that person from liability for the municipal income tax with respect to that prize award. 2061
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(H) If a casino operator or lottery sales agent files a return late, fails to file a return, remits amounts deducted and withheld late, or fails to remit amounts deducted and withheld as required under this section, the tax administrator of a municipal 2065
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corporation may impose the following applicable penalty: 2069

(1) For the late remittance of, or failure to remit, tax 2070
deducted and withheld under this section, a penalty equal to fifty 2071
per cent of the tax deducted and withheld; 2072

(2) For the failure to file, or the late filing of, a monthly 2073
or annual return, a penalty of five hundred dollars for each 2074
return not filed or filed late. Interest shall accrue on past due 2075
amounts deducted and withheld at the rate prescribed in section 2076
5703.47 of the Revised Code. 2077

(I) Amounts deducted and withheld on behalf of a municipal 2078
corporation shall be allowed as a credit against payment of the 2079
tax imposed by the municipal corporation and shall be treated as 2080
taxes paid for purposes of section 718.08 of the Revised Code. 2081
This division applies only to the person for whom the amount is 2082
deducted and withheld. 2083

(J) The tax administrator shall prescribe the forms of the 2084
receipts and returns required under this section. 2085

Sec. 718.04. (A) Notwithstanding division (A) of section 2086
715.013 of the Revised Code, a municipal corporation may levy a 2087
tax on income and a withholding tax if such taxes are levied in 2088
accordance with the provisions and limitations specified in this 2089
chapter. On or after January 1, 2016, the ordinance or resolution 2090
levying such taxes, as adopted or amended by the legislative 2091
authority of the municipal corporation, shall include all of the 2092
following: 2093

(1) A statement that the tax is an annual tax levied on the 2094
income of every person residing in or earning or receiving income 2095
in the municipal corporation and that the tax shall be measured by 2096
municipal taxable income; 2097

(2) A statement that the municipal corporation is levying the 2098

<u>tax in accordance with the limitations specified in this chapter</u>	2099
<u>and that the resolution or ordinance thereby incorporates the</u>	2100
<u>provisions of this chapter;</u>	2101
<u>(3) The rate of the tax;</u>	2102
<u>(4) Whether, and the extent to which, a credit, as described</u>	2103
<u>in division (D) of this section, will be allowed against the tax;</u>	2104
<u>(5) The purpose or purposes of the tax;</u>	2105
<u>(6) Any other provision necessary for the administration of</u>	2106
<u>the tax, provided that the provision does not conflict with any</u>	2107
<u>provision of this chapter.</u>	2108
<u>(B) Any municipal corporation that, on or before the</u>	2109
<u>effective date of the enactment of this section, levies an income</u>	2110
<u>tax at a rate in excess of one per cent may continue to levy the</u>	2111
<u>tax at the rate specified in the original ordinance or resolution,</u>	2112
<u>provided that such rate continues in effect as specified in the</u>	2113
<u>original ordinance or resolution.</u>	2114
<u>(C)(1) No municipal corporation shall tax income at other</u>	2115
<u>than a uniform rate.</u>	2116
<u>(2) Except as provided in division (B) of this section, no</u>	2117
<u>municipal corporation shall levy a tax on income at a rate in</u>	2118
<u>excess of one per cent without having obtained the approval of the</u>	2119
<u>excess by a majority of the electors of the municipality voting on</u>	2120
<u>the question at a general, primary, or special election. The</u>	2121
<u>legislative authority of the municipal corporation shall file with</u>	2122
<u>the board of elections at least ninety days before the day of the</u>	2123
<u>election a copy of the ordinance together with a resolution</u>	2124
<u>specifying the date the election is to be held and directing the</u>	2125
<u>board of elections to conduct the election. The ballot shall be in</u>	2126
<u>the following form: "Shall the Ordinance providing for a ... per</u>	2127
<u>cent levy on income for (Brief description of the purpose of the</u>	2128
<u>proposed levy) be passed?</u>	2129

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

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

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

(E) Except as otherwise provided in this chapter, a municipal corporation that levies an income tax in effect for taxable years beginning before January 1, 2016, may continue to administer and enforce the provisions of such tax for all taxable years beginning before January 1, 2016, provided that the provisions of such tax are consistent with this chapter as it existed prior to the effective date of the enactment of this section.

(F) Nothing in this chapter authorizes a municipal corporation to levy a tax on income, or to administer or collect such a tax or penalties or interest related to such a tax, contrary to the provisions and limitations specified in this chapter. No municipal corporation shall enforce an ordinance or resolution that conflicts with the provisions of this chapter.

Sec. 718.05. (A) An annual return with respect to the income tax levied by a municipal corporation shall be completed and filed by every taxpayer for any taxable year for which the taxpayer is

liable for the tax. If the total credit allowed against the tax as 2160
described in division (D) of section 718.04 of the Revised Code 2161
for the year is equal to or exceeds the tax imposed by the 2162
municipal corporation, no return shall be required unless the 2163
municipal ordinance or resolution levying the tax requires the 2164
filing of a return in such circumstances. 2165

(B) If an individual is deceased, any return or notice 2166
required of that individual shall be completed and filed by that 2167
decedent's executor, administrator, or other person charged with 2168
the property of that decedent. 2169

(C) If an individual is unable to complete and file a return 2170
or notice required by a municipal corporation in accordance with 2171
this chapter, the return or notice required of that individual 2172
shall be completed and filed by the individual's duly authorized 2173
agent, guardian, conservator, fiduciary, or other person charged 2174
with the care of the person or property of that individual. 2175

(D) Returns or notices required of an estate or a trust shall 2176
be completed and filed by the fiduciary of the estate or trust. 2177

(E) No municipal corporation shall deny spouses the ability 2178
to file a joint return. 2179

(F)(1) Each return required to be filed under this section 2180
shall contain the signature of the taxpayer or the taxpayer's duly 2181
authorized agent and of the person who prepared the return for the 2182
taxpayer, and shall include the taxpayer's social security number 2183
or taxpayer identification number. Each return shall be verified 2184
by a declaration under penalty of perjury. 2185

(2) A tax administrator may require a taxpayer who is an 2186
individual to include, with each annual return, amended return, or 2187
request for refund required under this section, copies of only the 2188
following documents: all of the taxpayer's Internal Revenue 2189
Service form W-2, "Wage and Tax Statements," including all 2190

information reported on the taxpayer's federal W-2, as well as 2191
taxable wages reported or withheld for any municipal corporation; 2192
the taxpayer's Internal Revenue Service form 1040; and, with 2193
respect to an amended tax return or refund request, any other 2194
documentation necessary to support the refund request or the 2195
adjustments made in the amended return. An individual taxpayer who 2196
files the annual return required by this section electronically is 2197
not required to provide paper copies of any of the foregoing to 2198
the tax administrator unless the tax administrator requests such 2199
copies after the return has been filed. 2200

(3) A tax administrator may require a taxpayer that is not an 2201
individual to include, with each annual net profit return, amended 2202
net profit return, or request for refund required under this 2203
section, copies of only the following documents: the taxpayer's 2204
Internal Revenue Service form 1041, form 1065, form 1120, form 2205
1120-REIT, form 1120F, or form 1120S, and, with respect to an 2206
amended tax return or refund request, any other documentation 2207
necessary to support the refund request or the adjustments made in 2208
the amended return. 2209

A taxpayer that is not an individual and that files an annual 2210
net profit return electronically through the Ohio business gateway 2211
or in some other manner shall either mail the documents required 2212
under this division to the tax administrator at the time of filing 2213
or, if electronic submission is available, submit the documents 2214
electronically through the Ohio business gateway. The department 2215
of taxation shall publish a method of electronically submitting 2216
the documents required under this division through the Ohio 2217
business gateway on or before January 1, 2016. The department 2218
shall transmit all documents submitted electronically under this 2219
division to the appropriate tax administrator. 2220

(4) After a taxpayer files a tax return, the tax 2221
administrator may request, and the taxpayer shall provide, any 2222

information, statements, or documents required by the municipal 2223
corporation to determine and verify the taxpayer's municipal 2224
income tax liability. The requirements imposed under division (F) 2225
of this section apply regardless of whether the taxpayer files on 2226
a generic form or on a form prescribed by the tax administrator. 2227

(G)(1) Except as otherwise provided in this chapter, each 2228
return required to be filed under this section shall be completed 2229
and filed as required by the tax administrator on or before the 2230
date prescribed for the filing of state individual income tax 2231
returns under division (G) of section 5747.08 of the Revised Code. 2232
The taxpayer shall complete and file the return or notice on forms 2233
prescribed by the tax administrator or on generic forms, together 2234
with remittance made payable to the municipal corporation or tax 2235
administrator. No remittance is required if the amount shown to be 2236
due is ten dollars or less. 2237

(2) Any taxpayer that has duly requested an automatic 2238
six-month extension for filing the taxpayer's federal income tax 2239
return shall automatically receive an extension for the filing of 2240
a municipal income tax return. The extended due date of the 2241
municipal income tax return shall be the fifteenth day of the 2242
tenth month after the last day of the taxable year to which the 2243
return relates. An extension of time to file under this division 2244
is not an extension of the time to pay any tax due unless the tax 2245
administrator grants an extension of that date. 2246

(3) If the tax commissioner extends for all taxpayers the 2247
date for filing state income tax returns under division (G) of 2248
section 5747.08 of the Revised Code, a taxpayer shall 2249
automatically receive an extension for the filing of a municipal 2250
income tax return. The extended due date of the municipal income 2251
tax return shall be the same as the extended due date of the state 2252
income tax return. 2253

(4) If the tax administrator considers it necessary in order 2254

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. 2255
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(5) 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. 2260
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(H)(1) For taxable years beginning after 2015, 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. 2263
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(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. 2266
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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. 2270
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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. 2273
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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.

(J) The amounts withheld by an employer, the agent of an employer, or an other payer as described in section 718.03 of the Revised Code shall be allowed to the recipient of the compensation as credits against payment of the tax imposed on the recipient by the municipal corporation, unless the amounts withheld were not remitted to the municipal corporation and the recipient colluded with the employer, agent, or other payer in connection with the failure to remit the amounts withheld.

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

(L) The tax administrator of a municipal corporation shall 2318
accept for filing a generic form of any income tax return, report, 2319
or document required by the municipal corporation in accordance 2320
with this chapter, provided that the generic form, once completed 2321
and filed, contains all of the information required by ordinance, 2322
resolution, or rules adopted by the municipal corporation or tax 2323
administrator, and provided that the taxpayer or tax return 2324
preparer filing the generic form otherwise complies with the 2325
provisions of this chapter and of the municipal corporation 2326
ordinance or resolution governing the filing of returns, reports, 2327
or documents. 2328

(M) When income tax returns, reports, or other documents 2329
require the signature of a tax return preparer, the tax 2330
administrator shall accept a facsimile of such a signature in lieu 2331
of a manual signature. 2332

Sec. 718.051. ~~(A) As used in this section, "Ohio business~~ 2333
~~gateway" means the online computer network system, initially~~ 2334
~~created by the department of administrative services under section~~ 2335
~~125.30 of the Revised Code, that allows private businesses to~~ 2336
~~electronically file business reply forms with state agencies and~~ 2337
~~includes any successor electronic filing and payment system.~~ 2338

~~(B) Notwithstanding section 718.05 of the Revised Code, on~~ 2339
~~and after January 1, 2005, any taxpayer that is subject to any~~ 2340
~~municipal corporation's tax on the net profit from a business or~~ 2341
~~profession and has received an extension to file the federal~~ 2342
~~income tax return shall not be required to notify the municipal~~ 2343
~~corporation of the federal extension and shall not be required to~~ 2344
~~file any municipal income tax return until the last day of the~~ 2345
~~month to which the due date for filing the federal return has been~~ 2346
~~extended, provided that, on or before the date for filing the~~ 2347
~~municipal income tax return, the person notifies the tax~~ 2348

~~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.~~ 2349
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~~(C) For taxable years beginning on or after January 1, 2005,~~ 2352
a Any taxpayer subject to ~~any~~ municipal corporation's tax on 2353
income taxation with respect to the taxpayer's net profit from a 2354
business or profession may file any municipal income tax return 2355
~~or,~~ estimated municipal income tax return, or extension for filing 2356
a municipal income tax return, and may make payment of amounts 2357
shown to be due on such returns, by using the Ohio business 2358
gateway. 2359

~~(D)(1) As used in this division, "qualifying wages" has the same meaning as in section 718.03 of the Revised Code.~~ 2360
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~~(2)(B)~~ Any employer, agent of an employer, or other payer may 2362
report the amount of municipal income tax withheld from qualifying 2363
wages ~~paid on or after January 1, 2007,~~ and may make remittance of 2364
such amounts, by using the Ohio business gateway. 2365

~~(E)(C)~~ Nothing in this section affects the due dates for 2366
filing employer withholding tax returns. 2367

~~(F)(D)~~ No municipal corporation shall be required to pay any 2368
fee or charge for the operation or maintenance of the Ohio 2369
business gateway. 2370

~~(G)(E)~~ The use of the Ohio business gateway by municipal 2371
corporations, taxpayers, or other persons pursuant to this section 2372
does not affect the legal rights of municipalities or taxpayers as 2373
otherwise permitted by law. This state shall not be a party to the 2374
administration of municipal income taxes or to an appeal of a 2375
municipal income tax matter, except as otherwise specifically 2376
provided by law. 2377

~~(H)(F)(1)~~ The tax commissioner shall adopt rules 2378
establishing: 2379

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

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

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

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

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

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

(B)(1) If the tax administrator ascertains that an applicant is qualified for an extension under this section, the tax administrator shall enter into a contract with the applicant for the payment of the tax in installments that begin on the one hundred eighty-first day after the applicant's active duty or service terminates. Except as provided in division (B)(3) of this section, the tax administrator may prescribe such contract terms as the tax administrator considers appropriate. 2410
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(2) If the tax administrator ascertains that an applicant is qualified for an extension under this section, the applicant shall neither be required to file any return, report, or other tax document nor be required to pay any tax otherwise due to the municipal corporation before the one hundred eighty-first day after the applicant's active duty or service terminates. 2418
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(3) Taxes paid pursuant to a contract entered into under division (B)(1) of this section are not delinquent. The tax administrator shall not require any payments of penalties or interest in connection with those taxes for the extension period. 2424
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(C)(1) Nothing in this division denies to any person described in this division the application of divisions (A) and (B) of this section. 2428
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(2)(a) A qualifying taxpayer who is eligible for an extension under the Internal Revenue Code shall receive both an extension of time in which to file any return, report, or other tax document and an extension of time in which to make any payment of taxes required by a municipal corporation in accordance with this chapter. The length of any extension granted under division (C)(2)(a) of this section shall be equal to the length of the corresponding extension that the taxpayer receives under the Internal Revenue Code. As used in this section, "qualifying taxpayer" means a member of the national guard or a member of a reserve component of the armed forces of the United States called 2431
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to active duty pursuant to either an executive order issued by the 2442
president of the United States or an act of the congress of the 2443
United States, or a civilian serving as support personnel in a 2444
combat zone or contingency operation in support of the armed 2445
forces. 2446

(b) Taxes whose payment is extended in accordance with 2447
division (C)(2)(a) of this section are not delinquent during the 2448
extension period. Such taxes become delinquent on the first day 2449
after the expiration of the extension period if the taxes are not 2450
paid prior to that date. The tax administrator shall not require 2451
any payment of penalties or interest in connection with those 2452
taxes for the extension period. The tax administrator shall not 2453
include any period of extension granted under division (C)(2)(a) 2454
of this section in calculating the penalty or interest due on any 2455
unpaid tax. 2456

(D) For each taxable year to which division (A), (B), or (C) 2457
of this section applies to a taxpayer, the provisions of divisions 2458
(B)(2) and (3) or (C) of this section, as applicable, apply to the 2459
spouse of that taxpayer if the filing status of the spouse and the 2460
taxpayer is married filing jointly for that year. 2461

Sec. 718.06. (A) As used in this section: 2462

(1) "Affiliated group of corporations" means an affiliated 2463
group as defined in section 1504 of the Internal Revenue Code, 2464
except that, if such a group includes at least one incumbent local 2465
exchange carrier that is primarily engaged in the business of 2466
providing local exchange telephone service in this state, the 2467
affiliated group shall not include any incumbent local exchange 2468
carrier that would otherwise be included in the group. 2469

(2) "Consolidated federal income tax return" means a 2470
consolidated return filed for federal income tax purposes pursuant 2471
to section 1501 of the Internal Revenue Code. 2472

(3) "Consolidated federal taxable income" means the 2473
consolidated taxable income of an affiliated group of 2474
corporations, as computed for the purposes of filing a 2475
consolidated federal income tax return, before consideration of 2476
net operating losses or special deductions. "Consolidated federal 2477
taxable income" does not include income or loss of an incumbent 2478
local exchange carrier that is excluded from the affiliated group 2479
under division (A)(1) of this section. 2480

(4) "Incumbent local exchange carrier" has the same meaning 2481
as in section 4927.01 of the Revised Code. 2482

(5) "Local exchange telephone service" has the same meaning 2483
as in section 5727.01 of the Revised Code. 2484

(B)(1) For taxable years beginning on or after January 1, 2485
2016, a taxpayer that is a member of an affiliated group of 2486
corporations may elect to file a consolidated municipal income tax 2487
return for a taxable year if at least one member of the affiliated 2488
group of corporations is subject to the municipal income tax in 2489
that taxable year and if the affiliated group of corporations 2490
filed a consolidated federal income tax return with respect to 2491
that taxable year. The election is binding for a five-year period 2492
beginning with the first taxable year of the initial election 2493
unless a change in the reporting method is required under federal 2494
law. The election continues to be binding for each subsequent 2495
five-year period unless the taxpayer elects to discontinue filing 2496
consolidated municipal income tax returns under division (B)(2) of 2497
this section or a taxpayer receives permission from the tax 2498
administrator. The tax administrator shall approve such a request 2499
for good cause shown. 2500

(2) An election to discontinue filing consolidated municipal 2501
income tax returns under this section must be made in the first 2502
year following the last year of a five-year consolidated municipal 2503
income tax return election period in effect under division (B)(1) 2504

of this section. The election to discontinue filing a consolidated 2505
municipal income tax return is binding for a five-year period 2506
beginning with the first taxable year of the election. 2507

(3) An election made under division (B)(1) or (2) of this 2508
section is binding on all members of the affiliated group of 2509
corporations subject to a municipal income tax. 2510

(C) A taxpayer that is a member of an affiliated group of 2511
corporations that filed a consolidated federal income tax return 2512
for a taxable year shall file a consolidated municipal income tax 2513
return for that taxable year if the tax administrator determines, 2514
by a preponderance of the evidence, that intercompany transactions 2515
have not been conducted at arm's length and that there has been a 2516
distortive shifting of income or expenses with regard to 2517
allocation of net profits to the municipal corporation. A taxpayer 2518
that is required to file a consolidated municipal income tax 2519
return for a taxable year shall file a consolidated municipal 2520
income tax return for all subsequent taxable years unless the 2521
taxpayer requests and receives written permission from the tax 2522
administrator to file a separate return or a taxpayer has 2523
experienced a change in circumstances. 2524

(D) A taxpayer shall prepare a consolidated municipal income 2525
tax return in the same manner as is required under the United 2526
States department of treasury regulations that prescribe 2527
procedures for the preparation of the consolidated federal income 2528
tax return required to be filed by the common parent of the 2529
affiliated group of which the taxpayer is a member. 2530

(E)(1) Except as otherwise provided in divisions (E)(2), (3), 2531
and (4) of this section, corporations that file a consolidated 2532
municipal income tax return shall compute adjusted federal taxable 2533
income, as defined in section 718.01 of the Revised Code, by 2534
substituting "consolidated federal taxable income" for "federal 2535
taxable income" wherever "federal taxable income" appears in that 2536

division and by substituting "an affiliated group of 2537
corporation's" for "a C corporation's" wherever "a C 2538
corporation's" appears in that division. 2539

(2) No corporation filing a consolidated municipal income tax 2540
return shall make any adjustment otherwise required under division 2541
(E) of section 718.01 of the Revised Code to the extent that the 2542
item of income or deduction otherwise subject to the adjustment 2543
has been eliminated or consolidated in the computation of 2544
consolidated federal taxable income. 2545

(3) If the net profit or loss of a pass-through entity having 2546
at least eighty per cent of the value of its ownership interest 2547
owned or controlled, directly or indirectly, by an affiliated 2548
group of corporations is included in that affiliated group's 2549
consolidated federal taxable income for a taxable year, the 2550
corporation filing a consolidated municipal income tax return 2551
shall do one of the following with respect to that pass-through 2552
entity's net profit or loss for that taxable year: 2553

(a) Exclude the pass-through entity's net profit or loss from 2554
the consolidated federal taxable income of the affiliated group 2555
and, for the purpose of making the computations required in 2556
section 718.02 of the Revised Code, exclude the property, payroll, 2557
and gross receipts of the pass-through entity in the computation 2558
of the affiliated group's net profit situated to a municipal 2559
corporation. If the entity's net profit or loss is so excluded, 2560
the entity shall be subject to taxation as a separate taxpayer on 2561
the basis of the entity's net profits that would otherwise be 2562
included in the consolidated federal taxable income of the 2563
affiliated group. 2564

(b) Include the pass-through entity's net profit or loss in 2565
the consolidated federal taxable income of the affiliated group 2566
and, for the purpose of making the computations required in 2567
section 718.02 of the Revised Code, include the property, payroll, 2568

and gross receipts of the pass-through entity in the computation 2569
of the affiliated group's net profit sitused to a municipal 2570
corporation. If the entity's net profit or loss is so included, 2571
the entity shall not be subject to taxation as a separate taxpayer 2572
on the basis of the entity's net profits that are included in the 2573
consolidated federal taxable income of the affiliated group. 2574

(4) If the net profit or loss of a pass-through entity having 2575
less than eighty per cent of the value of its ownership interest 2576
owned or controlled, directly or indirectly, by an affiliated 2577
group of corporations is included in that affiliated group's 2578
consolidated federal taxable income for a taxable year, all of the 2579
following shall apply: 2580

(a) The corporation filing the consolidated municipal income 2581
tax return shall exclude the pass-through entity's net profit or 2582
loss from the consolidated federal taxable income of the 2583
affiliated group and, for the purposes of making the computations 2584
required in section 718.02 of the Revised Code, exclude the 2585
property, payroll, and gross receipts of the pass-through entity 2586
in the computation of the affiliated group's net profit sitused to 2587
a municipal corporation; 2588

(b) The pass-through entity shall be subject to municipal 2589
income taxation as a separate taxpayer in accordance with this 2590
chapter on the basis of the entity's net profits that would 2591
otherwise be included in the consolidated federal taxable income 2592
of the affiliated group. 2593

(F) Corporations filing a consolidated municipal income tax 2594
return shall make the computations required under section 718.02 2595
of the Revised Code by substituting "consolidated federal taxable 2596
income attributable to" for "net profit from" wherever "net profit 2597
from" appears in that section and by substituting "affiliated 2598
group of corporations" for "taxpayer" wherever "taxpayer" appears 2599
in that section. 2600

(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. 2601
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(H) Corporations and their affiliates that made an election or entered into an agreement with a municipal corporation before January 1, 2016, to file a consolidated or combined tax return with such municipal corporation may continue to file consolidated or combined tax returns in accordance with such election or agreement for taxable years beginning on and after January 1, 2016. 2608
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Sec. 718.08. (A) As used in this section: 2615

(1) "Estimated taxes" means the amount that the taxpayer reasonably estimates to be the taxpayer's tax liability for a municipal corporation's income tax for the current taxable year. 2616
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(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. 2619
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(B)(1) Except as provided in division (F) of this section, 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 at least two hundred dollars. For the purposes of this section: 2624
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(a) Taxes withheld from qualifying wages shall be considered as paid to the municipal corporation for which the taxes were 2629
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withheld in equal amounts on each payment date unless the taxpayer 2631
establishes the dates on which all amounts were actually withheld, 2632
in which case the amounts withheld shall be considered as paid on 2633
the dates on which the amounts were actually withheld. 2634

(b) An overpayment of tax applied as a credit to a subsequent 2635
taxable year is deemed to be paid on the date of the postmark 2636
stamped on the cover in which the payment is mailed or, if the 2637
payment is made by electronic funds transfer, the date the payment 2638
is submitted. As used in this division, "date of the postmark" 2639
means, in the event there is more than one date on the cover, the 2640
earliest date imprinted on the cover by the postal service. 2641

(c) Taxes withheld by a casino operator or by a lottery sales 2642
agent under section 718.031 of the Revised Code are deemed to be 2643
paid to the municipal corporation for which the taxes were 2644
withheld on the date the taxes are withheld from the taxpayer's 2645
winnings. 2646

(2) Except as provided in division (F) of this section, 2647
taxpayers filing joint returns shall file joint declarations of 2648
estimated taxes. A taxpayer may amend a declaration under rules 2649
prescribed by the tax administrator. Except as provided in 2650
division (F) of this section, a taxpayer having a taxable year of 2651
less than twelve months shall make a declaration under rules 2652
prescribed by the tax administrator. 2653

(3) The declaration of estimated taxes shall be filed on or 2654
before the date prescribed for the filing of municipal income tax 2655
returns under division (G) of section 718.05 of the Revised Code 2656
or on or before the fifteenth day of the fourth month after the 2657
taxpayer becomes subject to tax for the first time. 2658

(4) Taxpayers reporting on a fiscal year basis shall file a 2659
declaration on or before the fifteenth day of the fourth month 2660
after the beginning of each fiscal year or period. 2661

(5) The original declaration or any subsequent amendment may 2662
be increased or decreased on or before any subsequent quarterly 2663
payment day as provided in this section. 2664

(C)(1) The required portion of the tax liability for the 2665
taxable year that shall be paid through estimated taxes made 2666
payable to the municipal corporation or tax administrator, 2667
including the application of tax refunds to estimated taxes and 2668
withholding on or before the applicable payment date, shall be as 2669
follows: 2670

(a) On or before the fifteenth day of the fourth month after 2671
the beginning of the taxable year, twenty-two and one-half per 2672
cent of the tax liability for the taxable year; 2673

(b) On or before the fifteenth day of the sixth month after 2674
the beginning of the taxable year, forty-five per cent of the tax 2675
liability for the taxable year; 2676

(c) On or before the fifteenth day of the ninth month after 2677
the beginning of the taxable year, sixty-seven and one-half per 2678
cent of the tax liability for the taxable year; 2679

(d) On or before the fifteenth day of the twelfth month of 2680
the taxable year, ninety per cent of the tax liability for the 2681
taxable year. 2682

(2) When an amended declaration has been filed, the unpaid 2683
balance shown due on the amended declaration shall be paid in 2684
equal installments on or before the remaining payment dates. 2685

(3) On or before the fifteenth day of the fourth month of the 2686
year following that for which the declaration or amended 2687
declaration was filed, an annual return shall be filed and any 2688
balance which may be due shall be paid with the return in 2689
accordance with section 718.05 of the Revised Code. 2690

(D)(1) In the case of any underpayment of any portion of a 2691

tax liability, penalty and interest may be imposed pursuant to 2692
section 718.27 of the Revised Code upon the amount of underpayment 2693
for the period of underpayment, unless the underpayment is due to 2694
reasonable cause as described in division (E) of this section. The 2695
amount of the underpayment shall be determined as follows: 2696

(a) For the first payment of estimated taxes each year, 2697
twenty-two and one-half per cent of the tax liability, less the 2698
amount of taxes paid by the date prescribed for that payment; 2699

(b) For the second payment of estimated taxes each year, 2700
forty-five per cent of the tax liability, less the amount of taxes 2701
paid by the date prescribed for that payment; 2702

(c) For the third payment of estimated taxes each year, 2703
sixty-seven and one-half per cent of the tax liability, less the 2704
amount of taxes paid by the date prescribed for that payment; 2705

(d) For the fourth payment of estimated taxes each year, 2706
ninety per cent of the tax liability, less the amount of taxes 2707
paid by the date prescribed for that payment. 2708

(2) The period of the underpayment shall run from the day the 2709
estimated payment was required to be made to the date on which the 2710
payment is made. For purposes of this section, a payment of 2711
estimated taxes on or before any payment date shall be considered 2712
a payment of any previous underpayment only to the extent the 2713
payment of estimated taxes exceeds the amount of the payment 2714
presently required to be paid to avoid any penalty. 2715

(E) An underpayment of any portion of tax liability 2716
determined under division (D) of this section shall be due to 2717
reasonable cause and the penalty imposed by this section shall not 2718
be added to the taxes for the taxable year if any of the following 2719
apply: 2720

(1) The amount of estimated taxes that were paid equals at 2721
least ninety per cent of the tax liability for the current taxable 2722

year, determined by annualizing the income received during the 2723
year up to the end of the month immediately preceding the month in 2724
which the payment is due. 2725

(2) The amount of estimated taxes that were paid equals at 2726
least one hundred per cent of the tax liability shown on the 2727
return of the taxpayer for the preceding taxable year, provided 2728
that the immediately preceding taxable year reflected a period of 2729
twelve months and the taxpayer filed a return with the municipal 2730
corporation under section 718.05 of the Revised Code for that 2731
year. 2732

(3) The taxpayer is an individual who resides in the 2733
municipal corporation but was not domiciled there on the first day 2734
of January of the calendar year that includes the first day of the 2735
taxable year. 2736

(F)(1) A tax administrator may waive the requirement for 2737
filing a declaration of estimated taxes for any class of taxpayers 2738
after finding that the waiver is reasonable and proper in view of 2739
administrative costs and other factors. 2740

(2) A municipal corporation may, by ordinance or rule, waive 2741
the requirement for filing a declaration of estimated taxes for 2742
all taxpayers. 2743

Sec. 718.09. (A) This section applies to either of the 2744
following: 2745

(1) A municipal corporation that shares the same territory as 2746
a city, local, or exempted village school district, to the extent 2747
that not more than five per cent of the territory of the municipal 2748
corporation is located outside the school district and not more 2749
than five per cent of the territory of the school district is 2750
located outside the municipal corporation; 2751

(2) A municipal corporation that shares the same territory as 2752

a city, local, or exempted village school district, to the extent 2753
that not more than five per cent of the territory of the municipal 2754
corporation is located outside the school district, more than five 2755
per cent but not more than ten per cent of the territory of the 2756
school district is located outside the municipal corporation, and 2757
that portion of the territory of the school district that is 2758
located outside the municipal corporation is located entirely 2759
within another municipal corporation having a population of four 2760
hundred thousand or more according to the federal decennial census 2761
most recently completed before the agreement is entered into under 2762
division (B) of this section. 2763

(B) The legislative authority of a municipal corporation to 2764
which this section applies may propose to the electors an income 2765
tax, one of the purposes of which shall be to provide financial 2766
assistance to the school district through payment to the district 2767
of not less than twenty-five per cent of the revenue generated by 2768
the tax, except that the legislative authority may not propose to 2769
levy the income tax on the incomes of nonresident individuals. 2770
Prior to proposing the tax, the legislative authority shall 2771
negotiate and enter into a written agreement with the board of 2772
education of the school district specifying the tax rate, the 2773
percentage of tax revenue to be paid to the school district, the 2774
purpose for which the school district will use the money, the 2775
first year the tax will be levied, which shall be the first year 2776
after the year in which the levy is approved or any later year, 2777
the date of the special election on the question of the tax, and 2778
the method and schedule by which the municipal corporation will 2779
make payments to the school district. The special election shall 2780
be held on a day specified in division (D) of section 3501.01 of 2781
the Revised Code, except that the special election may not be held 2782
on the day for holding a primary election as authorized by the 2783
municipal corporation's charter unless the municipal corporation 2784
is to have a primary election on that day. 2785

After the legislative authority and board of education have 2786
entered into the agreement, the legislative authority shall 2787
provide for levying the tax by ordinance. The ordinance shall 2788
include the provisions described in division (A) of section 718.04 2789
of the Revised Code and shall state the tax rate, the percentage 2790
of tax revenue to be paid to the school district, the purpose for 2791
which the municipal corporation will use its share of the tax 2792
revenue, the first year the tax will be levied, and that the 2793
question of the income tax will be submitted to the electors of 2794
the municipal corporation. The legislative authority also shall 2795
adopt a resolution specifying the regular or special election date 2796
the election will be held and directing the board of elections to 2797
conduct the election. At least ninety days before the date of the 2798
election, the legislative authority shall file certified copies of 2799
the ordinance and resolution with the board of elections. 2800

(C) The board of elections shall make the necessary 2801
arrangements for the submission of the question to the electors of 2802
the municipal corporation, and shall conduct the election in the 2803
same manner as any other municipal income tax election. Notice of 2804
the election shall be published in a newspaper of general 2805
circulation in the municipal corporation once a week for four 2806
consecutive weeks, or as provided in section 7.16 of the Revised 2807
Code, prior to the election, and shall include statements of the 2808
rate and municipal corporation and school district purposes of the 2809
income tax, the percentage of tax revenue that will be paid to the 2810
school district, and the first year the tax will be levied. The 2811
ballot shall be in the following form: 2812

"Shall the ordinance providing for a per cent levy on 2813
income for (brief description of the municipal corporation and 2814
school district purposes of the levy, including a statement of the 2815
percentage of tax revenue that will be paid to the school 2816
district) be passed? The income tax, if approved, will not be 2817

levied on the incomes of individuals who do not reside in (the 2818
name of the municipal corporation). 2819

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	For the income tax	
	Against the income tax	"

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(D) If the question is approved by a majority of the 2824
electors, the municipal corporation shall impose the income tax 2825
beginning ~~in~~ on the first day of January of the year specified in 2826
the ordinance. The proceeds of the levy may be used only for the 2827
specified purposes, including payment of the specified percentage 2828
to the school district. 2829

Sec. 718.10. (A) This section applies to a group of two or 2830
more municipal corporations that, taken together, share the same 2831
territory as a single city, local, or exempted village school 2832
district, to the extent that not more than five per cent of the 2833
territory of the municipal corporations as a group is located 2834
outside the school district and not more than five per cent of the 2835
territory of the school district is located outside the municipal 2836
corporations as a group. 2837

(B) The legislative authorities of the municipal corporations 2838
in a group of municipal corporations to which this section applies 2839
each may propose to the electors an income tax, to be levied in 2840
concert with income taxes in the other municipal corporations of 2841
the group, except that a legislative authority may not propose to 2842
levy the income tax on the incomes of individuals who do not 2843
reside in the municipal corporation. One of the purposes of such a 2844
tax shall be to provide financial assistance to the school 2845
district through payment to the district of not less than 2846
twenty-five per cent of the revenue generated by the tax. Prior to 2847
proposing the taxes, the legislative authorities shall negotiate 2848

and enter into a written agreement with each other and with the board of education of the school district specifying the tax rate, the percentage of the tax revenue to be paid to the school district, the first year the tax will be levied, which shall be the first year after the year in which the levy is approved or any later year, and the date of the election on the question of the tax, all of which shall be the same for each municipal corporation. The agreement also shall state the purpose for which the school district will use the money, and specify the method and schedule by which each municipal corporation will make payments to the school district. The special election shall be held on a day specified in division (D) of section 3501.01 of the Revised Code, including a day on which all of the municipal corporations are to have a primary election.

After the legislative authorities and board of education have entered into the agreement, each legislative authority shall provide for levying its tax by ordinance. Each ordinance shall include the provisions described in division (A) of section 718.04 of the Revised Code and shall state the rate of the tax, the percentage of tax revenue to be paid to the school district, the purpose for which the municipal corporation will use its share of the tax revenue, and the first year the tax will be levied. Each ordinance also shall state that the question of the income tax will be submitted to the electors of the municipal corporation on the same date as the submission of questions of an identical tax to the electors of each of the other municipal corporations in the group, and that unless the electors of all of the municipal corporations in the group approve the tax in their respective municipal corporations, none of the municipal corporations in the group shall levy the tax. Each legislative authority also shall adopt a resolution specifying the regular or special election date the election will be held and directing the board of elections to conduct the election. At least ninety days before the date of the

election, each legislative authority shall file certified copies 2882
of the ordinance and resolution with the board of elections. 2883

(C) For each of the municipal corporations, the board of 2884
elections shall make the necessary arrangements for the submission 2885
of the question to the electors, and shall conduct the election in 2886
the same manner as any other municipal income tax election. For 2887
each of the municipal corporations, notice of the election shall 2888
be published in a newspaper of general circulation in the 2889
municipal corporation once a week for four consecutive weeks, or 2890
as provided in section 7.16 of the Revised Code, prior to the 2891
election. The notice shall include a statement of the rate and 2892
municipal corporation and school district purposes of the income 2893
tax, the percentage of tax revenue that will be paid to the school 2894
district, and the first year the tax will be levied, and an 2895
explanation that the tax will not be levied unless an identical 2896
tax is approved by the electors of each of the other municipal 2897
corporations in the group. The ballot shall be in the following 2898
form: 2899

"Shall the ordinance providing for a ... per cent levy on 2900
income for (brief description of the municipal corporation and 2901
school district purposes of the levy, including a statement of the 2902
percentage of income tax revenue that will be paid to the school 2903
district) be passed? The income tax, if approved, will not be 2904
levied on the incomes of individuals who do not reside in (the 2905
name of the municipal corporation). In order for the income tax to 2906
be levied, the voters of (the other municipal corporations in the 2907
group), which are also in the (name of the school district) school 2908
district, must approve an identical income tax and agree to pay 2909
the same percentage of the tax revenue to the school district. 2910

	For the income tax	
	Against the income tax	"

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

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

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

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(3) The term for members of the local board of tax review

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appointed by the legislative authority of the municipal 2945
corporation shall be two years. There is no limit on the number of 2946
terms that a member may serve if the member is reappointed by the 2947
legislative authority. The board member appointed by the top 2948
administrative official of the municipal corporation shall serve 2949
at the discretion of the administrative official. 2950

(4) Members of the board of tax review appointed by the 2951
legislative authority may be removed by the legislative authority 2952
by majority vote for malfeasance, misfeasance, or nonfeasance in 2953
office. To remove such a member, the legislative authority must 2954
give the member a copy of the charges against the member and 2955
afford the member an opportunity to be publicly heard in person or 2956
by counsel in the member's own defense upon not less than ten 2957
days' notice. The decision by the legislative authority on the 2958
charges is final and not appealable. 2959

(5) A member of the board who, for any reason, ceases to meet 2960
the qualifications for the position prescribed by this section 2961
shall resign immediately by operation of law. 2962

(6) A vacancy in an unexpired term shall be filled in the 2963
same manner as the original appointment within sixty days of when 2964
the vacancy was created. Any member appointed to fill a vacancy 2965
occurring prior to the expiration of the term for which the 2966
member's predecessor was appointed shall hold office for the 2967
remainder of such term. No vacancy on the board shall impair the 2968
power and authority of the remaining members to exercise all the 2969
powers of the board. 2970

(7) If a member is temporarily unable to serve on the board 2971
due to a conflict of interest, illness, absence, or similar 2972
reason, the legislative authority or top administrative official 2973
that appointed the member shall appoint another individual to 2974
temporarily serve on the board in the member's place. The 2975
appointment of such an individual shall be subject to the same 2976

requirements and limitations as are applicable to the appointment 2977
of the member temporarily unable to serve. 2978

(B) Whenever a tax administrator issues a ~~decision~~ an 2979
assessment regarding a an underpayment of municipal income tax 2980
obligation that is subject to appeal as provided in this section 2981
or in an ordinance or regulation of the municipal corporation or 2982
denies a refund claim, the tax administrator shall notify the 2983
taxpayer in writing at the same time of the taxpayer's right to 2984
appeal the ~~decision~~ and of assessment or denial, the manner in 2985
which the taxpayer may appeal the ~~decision~~ assessment or denial, 2986
and the address to which the appeal should be directed. 2987

(C) Any person who ~~is aggrieved by a decision by the tax~~ 2988
administrator and who has filed with the municipal corporation the 2989
required returns or other documents pertaining to the municipal 2990
income tax obligation at issue in the decision has been issued an 2991
assessment may appeal the ~~decision~~ assessment to the board created 2992
pursuant to this section by filing a request with the board. The 2993
request shall be in writing, shall ~~state~~ specify the reason or 2994
reasons why the ~~decision~~ assessment should be deemed incorrect or 2995
unlawful, and shall be filed within ~~thirty~~ sixty days after the 2996
~~tax administrator issues~~ taxpayer receives the ~~decision complained~~ 2997
~~of~~ assessment. 2998

(D) The local board of tax review shall schedule a hearing to 2999
be held within ~~forty five~~ sixty days after receiving the ~~request~~ 3000
an appeal of an assessment under division (C) of this section, 3001
unless the taxpayer requests additional time to prepare or waives 3002
a hearing. If the taxpayer does not waive the hearing, the 3003
taxpayer may appear before the board and may be represented by an 3004
attorney at law, certified public accountant, or other 3005
representative. The board may allow a hearing to be continued as 3006
jointly agreed to by the parties. In such a case, the hearing must 3007
be completed within one hundred twenty days after the first day of 3008

the hearing unless the parties agree otherwise. 3009

(E) The board may affirm, reverse, or modify the tax 3010
administrator's ~~decision~~ assessment or any part of that ~~decision~~ 3011
assessment. The board shall issue a final ~~decision~~ determination 3012
on the appeal within ninety days after the board's final hearing 3013
on the appeal, and send a copy of its final ~~decision~~ determination 3014
by ordinary mail to all of the parties to the appeal within 3015
fifteen days after issuing the ~~decision~~ final determination. The 3016
taxpayer or the tax administrator may appeal the board's ~~decision~~ 3017
final determination as provided in section 5717.011 of the Revised 3018
Code. 3019

~~Each~~ (F) The local board of appeal tax review created 3020
pursuant to this section shall adopt rules governing its 3021
procedures and shall keep a record of its transactions. Such 3022
records are not public records available for inspection under 3023
section 149.43 of the Revised Code. Hearings requested by a 3024
taxpayer before a local board of appeal tax review created 3025
pursuant to this section are not meetings of a public body subject 3026
to section 121.22 of the Revised Code. 3027

Sec. 718.12. (A)(1)(a) Civil actions to recover municipal 3028
income taxes and penalties and interest on municipal income taxes 3029
shall be brought within the later of: 3030

(i) Three years after the tax was due or the return was 3031
filed, whichever is later; or 3032

(ii) One year after the conclusion of the qualifying deferral 3033
period, if any. 3034

(b) The time limit described in division (A)(1)(a) of this 3035
section may be extended at any time if both the tax administrator 3036
and the employer, agent of the employer, other payer, or taxpayer 3037
consent in writing to the extension. Any extension shall also 3038

extend for the same period of time the time limit described in 3039
division (C) of this section. 3040

(2) As used in this section, "qualifying deferral period" 3041
means a period of time beginning and ending as follows: 3042

(a) Beginning on the date a person who is aggrieved by an 3043
assessment files with a local board of tax review the request 3044
described in section 718.11 of the Revised Code. That date shall 3045
not be affected by any subsequent decision, finding, or holding by 3046
any administrative body or court that the local board of tax 3047
review with which the aggrieved person filed the request did not 3048
have jurisdiction to affirm, reverse, or modify the assessment or 3049
any part of that assessment. 3050

(b) Ending the later of the sixtieth day after the date on 3051
which the final determination of the local board of tax review 3052
becomes final or, if any party appeals from the determination of 3053
the local board of tax review, the sixtieth day after the date on 3054
which the final determination of the local board of tax review is 3055
either ultimately affirmed in whole or in part or ultimately 3056
reversed and no further appeal of either that affirmation, in 3057
whole or in part, or that reversal is available or taken. 3058

(B) Prosecutions for an offense made punishable under a 3059
resolution or ordinance imposing an income tax shall be commenced 3060
within three years after the commission of the offense, provided 3061
that in the case of fraud, failure to file a return, or the 3062
omission of twenty-five per cent or more of income required to be 3063
reported, prosecutions may be commenced within six years after the 3064
commission of the offense. 3065

(C) A claim for a refund of municipal income taxes shall be 3066
brought within the time limitation provided in section 718.19 of 3067
the Revised Code. 3068

(D) Interest shall be allowed and paid on any overpayment by 3069

a taxpayer of any municipal income tax obligation from the date of 3070
the overpayment until the date of the refund of the overpayment, 3071
except that if any overpayment is refunded within ninety days 3072
after the final filing date of the annual return or ninety days 3073
after the completed return is filed, whichever is later, no 3074
interest shall be allowed on the refund. For the purpose of 3075
computing the payment of interest on amounts overpaid, no amount 3076
of tax for any taxable year shall be considered to have been paid 3077
before the date on which the return on which the tax is reported 3078
is due, without regard to any extension of time for filing that 3079
return. Interest shall be paid at the interest rate described in 3080
division (A)(5) of section 718.27 of the Revised Code. 3081

(E) Within sixty days after the final determination of any 3082
federal or state tax liability affecting the taxpayer's municipal 3083
tax liability, that taxpayer shall make and file an amended 3084
municipal return showing income subject to the municipal income 3085
tax based upon such final determination of federal or state tax 3086
liability, and pay any additional municipal income tax shown due 3087
thereon or make a claim for refund of any overpayment, unless the 3088
tax or overpayment is less than ten dollars. 3089

(F)(1) Notwithstanding the fact that an appeal is pending, 3090
the petitioner may pay all or a portion of the assessment that is 3091
the subject of the appeal. The acceptance of a payment by the 3092
municipal corporation does not prejudice any claim for refund upon 3093
final determination of the appeal. 3094

(2) If upon final determination of the appeal an error in the 3095
assessment is corrected by the tax administrator, upon an appeal 3096
so filed or pursuant to a final determination of the local board 3097
of tax review created under section 718.11 of the Revised Code, of 3098
the Ohio board of tax appeals, or any court to which the decision 3099
of the Ohio board of tax appeals has been appealed, so that the 3100
amount due from the party assessed under the corrected assessment 3101

is less than the amount paid, there shall be issued to the 3102
appellant or to the appellant's assigns or legal representative a 3103
refund in the amount of the overpayment as provided by section 3104
718.19 of the Revised Code, with interest on that amount as 3105
provided by division (D) of this section. 3106

(G) No civil action to recover municipal income tax or 3107
related penalties or interest shall be brought during either of 3108
the following time periods: 3109

(1) The period during which a taxpayer has a right to appeal 3110
the imposition of that tax or interest or those penalties; 3111

(2) The period during which an appeal related to the 3112
imposition of that tax or interest or those penalties is pending. 3113

Sec. 718.121. (A) Except as provided in division (B) of this 3114
section, if tax or withholding is paid to a municipal corporation 3115
on income or wages, and if a second municipal corporation imposes 3116
or assesses a tax on that income or wages after the time period 3117
allowed for a refund of the tax or withholding paid to the first 3118
municipal corporation, the second municipal corporation shall 3119
allow a nonrefundable credit, against the tax or withholding the 3120
second municipality claims is due with respect to such income or 3121
wages, equal to the tax or withholding paid to the first municipal 3122
corporation with respect to such income or wages. 3123

(B) If the tax rate in the second municipal corporation is 3124
less than the tax rate in the first municipal corporation, then 3125
the credit described in division (A) of this section shall be 3126
calculated using the tax rate in effect in the second municipal 3127
corporation. 3128

(C) If the tax rate in the second municipal corporation is 3129
greater than the tax rate in the first municipal corporation, the 3130
tax due in excess of the credit afforded is to be paid to the 3131

second municipal corporation, along with any penalty and interest 3132
accruing thereto during the period of nonpayment. 3133

(D) Nothing in this section permits any credit carryforward. 3134

Sec. 718.13. (A) Any information gained as a result of 3135
returns, investigations, hearings, or verifications required or 3136
authorized by this chapter or by a charter or ordinance of a 3137
municipal corporation levying an income tax pursuant to this 3138
chapter is confidential, and no person shall access or disclose 3139
such information except in accordance with a proper judicial order 3140
or in connection with the performance of that person's official 3141
duties or the official business of the municipal corporation as 3142
authorized by this chapter or the charter or ordinance authorizing 3143
the levy. The tax administrator of the municipal corporation or a 3144
designee thereof may furnish copies of returns filed or otherwise 3145
received under this chapter and other related tax information to 3146
the internal revenue service ~~and to~~, the tax commissioner, and tax 3147
administrators of other municipal corporations. 3148

(B) This section does not prohibit ~~the legislative authority~~ 3149
~~of a municipal corporation, by ordinance or resolution,~~ from 3150
~~authorizing the tax administrator to publish~~ publishing or 3151
disclosing statistics in a form that does not disclose information 3152
with respect to particular taxpayers. 3153

Sec. 718.18. (A)(1) Subject to division (B) of this section, 3154
a copy of each assessment shall be served upon the person affected 3155
thereby either by personal service, by certified mail, or by a 3156
delivery service authorized under section 5703.056 of the Revised 3157
Code. 3158

(2) With the permission of the person affected by an 3159
assessment, the tax administrator may deliver the assessment 3160
through alternative means as provided in this section, including, 3161

but not limited to, delivery by secure electronic mail. Delivery 3162
by such means satisfies the requirements for delivery under this 3163
section. 3164

(B)(1)(a) If certified mail is returned because of an 3165
undeliverable address, a tax administrator shall utilize 3166
reasonable means to ascertain a new last known address, including 3167
the use of a change of address service offered by the postal 3168
service or an authorized delivery service under section 5703.056 3169
of the Revised Code. If, after using reasonable means, the tax 3170
administrator is unable to ascertain a new last known address, the 3171
assessment shall be sent by ordinary mail and considered served. 3172
If the ordinary mail is subsequently returned because of an 3173
undeliverable address, the assessment remains appealable within 3174
sixty days after the assessment's postmark. 3175

(b) Once the tax administrator or other municipal official, 3176
or the designee of either, serves an assessment on the person to 3177
whom the assessment is directed, the person may protest the ruling 3178
of that assessment by filing an appeal with the local board of tax 3179
review within sixty days after the receipt of service. The 3180
delivery of an assessment of the tax administrator under division 3181
(B)(1)(a) of this section is prima facie evidence that delivery is 3182
complete and that the assessment is served. 3183

(2) If mailing of an assessment by a tax administrator by 3184
certified mail is returned for some cause other than an 3185
undeliverable address, the tax administrator shall resend the 3186
assessment by ordinary mail. The assessment shall show the date 3187
the tax administrator sends the assessment and include the 3188
following statement: 3189

"This assessment is deemed to be served on the addressee 3190
under applicable law ten days from the date this assessment was 3191
mailed by the tax administrator as shown on the assessment, and 3192
all periods within which an appeal may be filed apply from and 3193

after that date." 3194

Unless the mailing is returned because of an undeliverable 3195
address, the mailing of that information is prima facie evidence 3196
that delivery of the assessment was completed ten days after the 3197
tax administrator sent the assessment by ordinary mail and that 3198
the assessment was served. 3199

If the ordinary mail is subsequently returned because of an 3200
undeliverable address, the tax administrator shall proceed under 3201
division (B)(1)(a) of this section. A person may challenge the 3202
presumption of delivery and service under this division in 3203
accordance with division (C) of this section. 3204

(C)(1) A person disputing the presumption of delivery and 3205
service under division (B) of this section bears the burden of 3206
proving by a preponderance of the evidence that the address to 3207
which the assessment was sent was not an address with which the 3208
person was associated at the time the tax administrator originally 3209
mailed the assessment by certified mail. For the purposes of this 3210
section, a person is associated with an address at the time the 3211
tax administrator originally mailed the assessment if, at that 3212
time, the person was residing, receiving legal documents, or 3213
conducting business at the address; or if, before that time, the 3214
person had conducted business at the address and, when the 3215
assessment was mailed, the person's agent or the person's 3216
affiliate was conducting business at the address. For the purposes 3217
of this section, a person's affiliate is any other person that, at 3218
the time the assessment was mailed, owned or controlled at least 3219
twenty per cent, as determined by voting rights, of the 3220
addressee's business. 3221

(2) If a person elects to appeal an assessment on the basis 3222
described in division (C)(1) of this section, and if that 3223
assessment is subject to collection and is not otherwise 3224
appealable, the person must do so within sixty days after the 3225

initial contact by the tax administrator or other municipal 3226
official, or the designee of either, with the person. Nothing in 3227
this division prevents the tax administrator or other official 3228
from entering into a compromise with the person if the person does 3229
not actually file such an appeal with the local board of tax 3230
review. 3231

(D) Nothing in this section prohibits the tax administrator 3232
or the tax administrator's designee from delivering an assessment 3233
by a tax administrator by personal service. 3234

(E) Collection actions taken upon any assessment being 3235
appealed under division (B)(1)(b) of this section shall be stayed 3236
upon the pendency of an appeal under this section. If an appeal is 3237
filed pursuant to this section on a claim that has been delivered 3238
for collection, the collection activities with respect to the 3239
assessment shall be stayed. 3240

(F) As used in this section: 3241

(1) "Last known address" means the address the tax 3242
administrator has at the time a document is originally sent by 3243
certified mail, or any address the tax administrator can ascertain 3244
using reasonable means such as the use of a change of address 3245
service offered by the postal service or an authorized delivery 3246
service under section 5703.056 of the Revised Code. 3247

(2) "Undeliverable address" means an address to which the 3248
postal service or an authorized delivery service under section 3249
5703.056 of the Revised Code is not able to deliver an assessment 3250
of the tax administrator, except when the reason for nondelivery 3251
is because the addressee fails to acknowledge or accept the 3252
assessment. 3253

Sec. 718.19. (A) Upon receipt of a request for a refund, the 3254
tax administrator of a municipal corporation, in accordance with 3255

this section, shall refund to employers, agents of employers, 3256
other payers, or taxpayers, with respect to any income or 3257
withholding tax levied by the municipal corporation: 3258

(1) Overpayments of more than ten dollars; 3259

(2) Amounts paid erroneously if the refund requested exceeds 3260
ten dollars. 3261

(B)(1) Except as otherwise provided in this chapter, requests 3262
for refund shall be filed with the tax administrator, on the form 3263
prescribed by the tax administrator within three years after the 3264
tax was due or paid, whichever is later. The tax administrator may 3265
require the requestor to file with the request any documentation 3266
that substantiates the requestor's claim for a refund. 3267

(2) On filing of the refund request, the tax administrator 3268
shall determine the amount of refund due and certify such amount 3269
to the appropriate municipal corporation official for payment. 3270
Except as provided in division (B)(3) of this section, the 3271
administrator shall issue an assessment to any taxpayer whose 3272
request for refund is fully or partially denied. The assessment 3273
shall state the amount of the refund that was denied, the reasons 3274
for the denial, and instructions for appealing the assessment. 3275

(3) If a tax administrator denies in whole or in part a 3276
refund request included within the taxpayer's originally filed 3277
annual income tax return, the tax administrator shall notify the 3278
taxpayer, in writing, of the amount of the refund that was denied, 3279
the reasons for the denial, and instructions for requesting an 3280
assessment that may be appealed under section 718.11 of the 3281
Revised Code. 3282

(C) A request for a refund that is received after the last 3283
day for filing specified in division (B) of this section shall be 3284
considered to have been filed in a timely manner if any of the 3285

following situations exist: 3286

(1) The request is delivered by the postal service, and the earliest postal service postmark on the cover in which the request is enclosed is not later than the last day for filing the request. 3287
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(2) The request is delivered by the postal service, the only postmark on the cover in which the request is enclosed was affixed by a private postal meter, the date of that postmark is not later than the last day for filing the request, and the request is received within seven days of such last day. 3290
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(3) The request is delivered by the postal service, no postmark date was affixed to the cover in which the request is enclosed or the date of the postmark so affixed is not legible, and the request is received within seven days of the last day for making the request. 3295
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(D) As used in this section, "withholding tax" has the same meaning as in section 718.27 of the Revised Code. 3300
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Sec. 718.23. (A) A tax administrator, or any authorized agent or employee thereof may examine the books, papers, records, and federal and state income tax returns of any employer, taxpayer, or other person that is subject to, or that the tax administrator believes is subject to, the provisions of this chapter for the purpose of verifying the accuracy of any return made or, if no return was filed, to ascertain the tax due under this chapter. Upon written request by the tax administrator or a duly authorized agent or employee thereof, every employer, taxpayer, or other person subject to this section is required to furnish the opportunity for the tax administrator, authorized agent, or employee to investigate and examine such books, papers, records, and federal and state income tax returns at a reasonable time and place designated in the request. 3302
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(B) The records and other documents of any taxpayer, employer, or other person that is subject to, or that a tax administrator believes is subject to, the provisions of this chapter shall be open to the tax administrator's inspection during business hours and shall be preserved for a period of six years following the end of the taxable year to which the records or documents relate, unless the tax administrator, in writing, consents to their destruction within that period, or by order requires that they be kept longer. The tax administrator of a municipal corporation may require any person, by notice served on that person, to keep such records as the tax administrator determines necessary to show whether or not that person is liable, and the extent of such liability, for the income tax levied by the municipal corporation or for the withholding of such tax.

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

(D) No person issued written notice by the tax administrator compelling attendance at a hearing or examination or the production of books, papers, records, or federal income tax returns under this section shall fail to comply.

Sec. 718.24. Nothing in this chapter shall limit the authority of a tax administrator to perform any of the following

duties or functions, unless the performance of such duties or 3347
functions is expressly limited by a provision of the Revised Code 3348
or the charter or ordinances of the municipal corporation: 3349

(A) Exercise all powers whatsoever of an inquisitorial nature 3350
as provided by law, including, the right to inspect books, 3351
accounts, records, memorandums, and federal and state income tax 3352
returns, to examine persons under oath, to issue orders or 3353
subpoenas for the production of books, accounts, papers, records, 3354
documents, and testimony, to take depositions, to apply to a court 3355
for attachment proceedings as for contempt, to approve vouchers 3356
for the fees of officers and witnesses, and to administer oaths; 3357
provided that the powers referred to in this division of this 3358
section shall be exercised by the tax administrator only in 3359
connection with the performance of the duties respectively 3360
assigned to the tax administrator under a municipal corporation 3361
income tax ordinance or resolution adopted in accordance with this 3362
chapter; 3363

(B) Appoint agents and prescribe their powers and duties; 3364

(C) Confer and meet with officers of other municipal 3365
corporations and states and officers of the United States on any 3366
matters pertaining to their respective official duties as provided 3367
by law; 3368

(D) Exercise the authority provided by law, including orders 3369
from bankruptcy courts, relative to remitting or refunding taxes, 3370
including penalties and interest thereon, illegally or erroneously 3371
imposed or collected, or for any other reason overpaid, and, in 3372
addition, the tax administrator may investigate any claim of 3373
overpayment and make a written statement of the tax 3374
administrator's findings, and, if the tax administrator finds that 3375
there has been an overpayment, approve and issue a refund payable 3376
to the taxpayer, the taxpayer's assigns, or legal representative 3377
as provided in this chapter; 3378

(E) Exercise the authority provided by law relative to 3379
consenting to the compromise and settlement of tax claims; 3380

(F) Exercise the authority provided by law relative to the 3381
use of alternative apportionment methods by taxpayers in 3382
accordance with section 718.02 of the Revised Code; 3383

(G) Make all tax findings, determinations, computations, and 3384
orders the tax administrator is by law authorized and required to 3385
make and, pursuant to time limitations provided by law, on the tax 3386
administrator's own motion, review, redetermine, or correct any 3387
tax findings, determinations, computations, or orders the tax 3388
administrator has made, but the tax administrator shall not 3389
review, redetermine, or correct any tax finding, determination, 3390
computation, or order which the tax administrator has made as to 3391
which an appeal has been filed with the local board of tax review 3392
or other appropriate tribunal, unless such appeal or application 3393
is withdrawn by the appellant or applicant, is dismissed, or is 3394
otherwise final; 3395

(H) Destroy any or all returns or other tax documents in the 3396
manner authorized by law; 3397

(I) Enter into an agreement with a taxpayer to simplify the 3398
withholding obligations described in section 718.03 of the Revised 3399
Code. 3400

Sec. 718.25. A person may round to the nearest whole dollar 3401
all amounts the person is required to enter on any return, report, 3402
voucher, or other document required under this chapter. Any 3403
fractional part of a dollar that equals or exceeds fifty cents 3404
shall be rounded to the next whole dollar, and any fractional part 3405
of a dollar that is less than fifty cents shall be dropped. If a 3406
person chooses to round amounts entered on a document, the person 3407
shall round all amounts entered on the document. 3408

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 3440
pursuant to section 718.27 of the Revised Code. 3441

(3) The penalties provided for under divisions (C)(1) and (2) 3442
of this section may be billed and imposed in the same manner as 3443
the tax or fee with respect to which the identifying information 3444
is sought and are in addition to any applicable criminal penalties 3445
described in section 718.99 of the Revised Code for a violation of 3446
section 718.35 of the Revised Code and any other penalties that 3447
may be imposed by the tax administrator by law. 3448

Sec. 718.27. (A) As used in this section: 3449

(1) "Applicable law" means this chapter, the resolutions, 3450
ordinances, codes, directives, instructions, and rules adopted by 3451
a municipal corporation provided such resolutions, ordinances, 3452
codes, directives, instructions, and rules impose or directly or 3453
indirectly address the levy, payment, remittance, or filing 3454
requirements of a municipal income tax. 3455

(2) "Income tax," "estimated income tax," and "withholding 3456
tax" means any income tax, estimated income tax, and withholding 3457
tax imposed by a municipal corporation pursuant to applicable law, 3458
including at any time before January 1, 2016. 3459

(3) A "return" includes any tax return, report, 3460
reconciliation, schedule, and other document required to be filed 3461
with a tax administrator or municipal corporation by a taxpayer, 3462
employer, any agent of the employer, or any other payer pursuant 3463
to applicable law, including at any time before January 1, 2016. 3464

(4) "Federal short-term rate" means the rate of the average 3465
market yield on outstanding marketable obligations of the United 3466
States with remaining periods to maturity of three years or less, 3467
as determined under section 1274 of the Internal Revenue Code, for 3468
July of the current year. 3469

(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. 3470
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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. 3476
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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. 3479
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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. 3482
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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. 3485
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(B)(1) This section applies to the following: 3490

(a) Any return required to be filed under applicable law for taxable years beginning on or after January 1, 2016; 3491
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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, 2016. 3493
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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, 2016, regardless of the filing or payment date. Returns required to be filed or payments required to be made before January 1, 2016, but 3496
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filed or paid after that date shall be subject to the ordinances 3500
or rules, as adopted before January 1, 2016, of the municipal 3501
corporation to which the return is to be filed or the payment is 3502
to be made. 3503

(C) Each municipal corporation levying a tax on income may 3504
impose on a taxpayer, employer, any agent of the employer, and any 3505
other payer, and must attempt to collect, the interest amounts and 3506
penalties prescribed under division (C) of this section when the 3507
taxpayer, employer, any agent of the employer, or any other payer 3508
for any reason fails, in whole or in part, to make to the 3509
municipal corporation timely and full payment or remittance of 3510
income tax, estimated income tax, or withholding tax or to file 3511
timely with the municipal corporation any return required to be 3512
filed. 3513

(1) Interest shall be imposed at the rate described in 3514
division (A) of this section, per annum, on all unpaid income tax, 3515
unpaid estimated income tax, and unpaid withholding tax. 3516

(2)(a) With respect to unpaid income tax and unpaid estimated 3517
income tax, a municipal corporation may impose a penalty equal to 3518
fifteen per cent of the amount not timely paid. 3519

(b) With respect to any unpaid withholding tax, a municipal 3520
corporation may impose a penalty equal to fifty per cent of the 3521
amount not timely paid. 3522

(3) With respect to returns other than estimated income tax 3523
returns, a municipal corporation may impose a penalty of 3524
twenty-five dollars for each failure to timely file each return, 3525
regardless of the liability shown thereon for each month, or any 3526
fraction thereof, during which the return remains unfiled 3527
regardless of the liability shown thereon. The penalty shall not 3528
exceed one hundred fifty dollars for each failure. 3529

(D)(1) With respect to the income taxes, estimated income 3530

taxes, withholding taxes, and returns, no municipal corporation shall impose, seek to collect, or collect any penalty, amount of interest, charges, or additional fees not described in this section. 3531
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(2) With respect to the income taxes, estimated income taxes, withholding taxes, and returns not described in division (A) of this section, nothing in this section requires a municipal corporation to refund or credit any penalty, amount of interest, charges, or additional fees that the municipal corporation has properly imposed or collected before January 1, 2016. 3535
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(E) Nothing in this section limits the authority of a municipal corporation to abate or partially abate penalties or interest imposed under this section when the tax administrator determines, in the tax administrator's sole discretion, that such abatement is appropriate. 3541
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(F) By the thirty-first day of October of each year the municipal corporation shall publish the rate described in division (A) of this section applicable to the next succeeding calendar year. 3546
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(G) The municipal corporation may impose on the taxpayer, employer, any agent of the employer, or any other payer the municipal corporation's post-judgment collection costs and fees, including attorney's fees. 3550
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Sec. 718.28. (A) As used in this section, "claim" means a claim for an amount payable to a municipal corporation that arises pursuant to the municipal income tax imposed in accordance with this chapter. 3554
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(B) Nothing in this chapter prohibits a tax administrator from doing either of the following if such action is in the best interests of the municipal corporation: 3558
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<u>(1) Compromise a claim;</u>	3561
<u>(2) Extend for a reasonable period the time for payment of a claim by agreeing to accept monthly or other periodic payments.</u>	3562 3563
<u>(C) The tax administrator may consider the following standards when ascertaining with respect to a claim whether a compromise or payment-over-time agreement is in the best interests of the municipal corporation:</u>	3564 3565 3566 3567
<u>(1) There exists a doubt as to whether the claim can be collected.</u>	3568 3569
<u>(2) There exists a substantial probability that, upon payment of the claim and submission of a timely request for refund with respect to that payment, the tax administrator would refund an amount that was illegally or erroneously paid.</u>	3570 3571 3572 3573
<u>(3) There exists an economic hardship such that a compromise or agreement would facilitate effective tax administration.</u>	3574 3575
<u>(4) There exists a joint liability among spouses, one of whom is an innocent spouse, provided that any relief under this standard shall only affect the claim as to the innocent spouse. A spouse granted relief under section 6015 of the Internal Revenue Code with regard to any income item is rebuttably presumed to be an innocent spouse with regard to that income item to the extent that income item is included in or otherwise affects the computation of a municipal income tax or any penalty or interest on that tax.</u>	3576 3577 3578 3579 3580 3581 3582 3583 3584
<u>(5) Any other reasonable standard that the tax administrator establishes.</u>	3585 3586
<u>(D) The tax administrator's rejection of a compromise or payment-over-time agreement proposed by a person with respect to a claim shall not be appealable.</u>	3587 3588 3589
<u>(E) A compromise or payment-over-time agreement with respect</u>	3590

to a claim shall be binding upon and shall inure to the benefit of 3591
only the parties to the compromise or agreement, and shall not 3592
extinguish or otherwise affect the liability of any other person. 3593

(F) A compromise or payment-over-time agreement with respect 3594
to a claim shall be void if the taxpayer defaults under the 3595
compromise or agreement or if the compromise or agreement was 3596
obtained by fraud or by misrepresentation of a material fact. Any 3597
amount that was due before the compromise or agreement and that is 3598
unpaid shall remain due, and any penalties or interest that would 3599
have accrued in the absence of the compromise or agreement shall 3600
continue to accrue and be due. 3601

Sec. 718.30. Nothing in this chapter prohibits the 3602
legislative authority of a municipal corporation, or a tax 3603
administrator pursuant to authority granted to the administrator 3604
by resolution or ordinance, to adopt rules to administer an income 3605
tax imposed by the municipal corporation in accordance with this 3606
chapter. Such rules shall not conflict with or be inconsistent 3607
with any provision of this chapter. All rules adopted under this 3608
section shall be published and posted on the internet as described 3609
in section 718.07 of the Revised Code. 3610

Sec. 718.31. No person hired or retained by a tax 3611
administrator to examine or inspect a taxpayer's books shall be 3612
paid on a contingency basis. 3613

Sec. 718.35. No person shall knowingly make, present, aid, or 3614
assist in the preparation or presentation of a false or fraudulent 3615
report, return, schedule, statement, claim, or document authorized 3616
or required by municipal corporation ordinance or state law to be 3617
filed with a tax administrator, or knowingly procure, counsel, or 3618
advise the preparation or presentation of such report, return, 3619
schedule, statement, claim, or document, or knowingly change, 3620

alter, or amend, or knowingly procure, counsel or advise such 3621
change, alteration, or amendment of the records upon which such 3622
report, return, schedule, statement, claim, or document is based 3623
with intent to defraud the municipal corporation or a tax 3624
administrator. 3625

Sec. 718.36. (A) At or before the commencement of an audit, 3626
the tax administrator shall provide to the taxpayer a written 3627
description of the roles of the tax administrator and of the 3628
taxpayer during an audit and a statement of the taxpayer's rights, 3629
including any right to obtain a refund of an overpayment of a tax. 3630
At or before the commencement of an audit, the tax administrator 3631
shall inform the taxpayer when the audit is considered to have 3632
commenced. 3633

(B) Except in cases involving suspected criminal activity, 3634
the tax administrator shall conduct an audit of a taxpayer during 3635
regular business hours and after providing reasonable notice to 3636
the taxpayer. A taxpayer who is unable to comply with a proposed 3637
time for an audit on the grounds that the proposed time would 3638
cause inconvenience or hardship must offer reasonable alternative 3639
dates for the audit. 3640

(C) At all stages of an audit by the tax administrator, a 3641
taxpayer is entitled to be assisted or represented by an attorney, 3642
accountant, bookkeeper, or other tax practitioner. The tax 3643
administrator shall prescribe a form by which a taxpayer may 3644
designate such a person to assist or represent the taxpayer in the 3645
conduct of any proceedings resulting from actions by the tax 3646
administrator. If a taxpayer has not submitted such a form, the 3647
tax administrator may accept other evidence, as the tax 3648
administrator considers appropriate, that a person is the 3649
authorized representative of a taxpayer. 3650

A taxpayer may refuse to answer any questions asked by the person conducting an audit until the taxpayer has an opportunity to consult with the taxpayer's attorney, accountant, bookkeeper, or other tax practitioner. This division does not authorize the practice of law by a person who is not an attorney.

(D) A taxpayer may record, electronically or otherwise, the audit examination.

(E) The failure of the tax administrator to comply with a provision of this section shall neither excuse a taxpayer from payment of any taxes owed by the taxpayer nor cure any procedural defect in a taxpayer's case.

(F) If the tax administrator fails to substantially comply with the provisions of this section, the tax administrator, upon application by the taxpayer, shall excuse the taxpayer from penalties and interest arising from the audit.

Sec. 718.37. (A) A taxpayer aggrieved by an action or omission of a tax administrator, a tax administrator's employee, or an employee of the municipal corporation may bring an action against the tax administrator, against the municipal corporation, or against both, for damages in the court of common pleas of the county in which the municipal corporation is located, if all of the following apply:

(1) In the action or omission the tax administrator, the tax administrator's employee, or the employee of the municipal corporation frivolously disregards a provision of this chapter or a rule or instruction of the tax administrator;

(2) The action or omission occurred with respect to an audit or an assessment and the review and collection proceedings connected with the audit or assessment;

(3) The tax administrator, the tax administrator's employee,

or the employee of the municipal corporation did not act 3681
manifestly outside the scope of employment and did not act with 3682
malicious purpose, in bad faith, or in a wanton or reckless 3683
manner. 3684

(B) In any action brought under division (A) of this section, 3685
upon a finding of liability on the part of the tax administrator 3686
or the municipal corporation, the tax administrator or the 3687
municipal corporation shall be liable to the taxpayer in an amount 3688
equal to the sum of the following: 3689

(1) Compensatory damages sustained by the taxpayer as a 3690
result of the action or omission by the tax administrator, the tax 3691
administrator's employee, or the employee of the municipal 3692
corporation; 3693

(2) Reasonable costs of litigation and attorneys' fees 3694
sustained by the taxpayer. 3695

(C) In the awarding of damages under division (B) of this 3696
section, the court shall take into account the negligent actions 3697
or omissions, if any, on the part of the taxpayer that contributed 3698
to the damages, but shall not be bound by the provisions of 3699
sections 2315.32 to 2315.36 of the Revised Code. 3700

(D) Whenever it appears to the court that a taxpayer's 3701
conduct in the proceedings brought under division (A) of this 3702
section is frivolous, the court may impose a penalty against the 3703
taxpayer in an amount not to exceed ten thousand dollars which 3704
shall be paid to the general fund of the municipal corporation. 3705

(E) Division (A) of this section does not apply to opinions 3706
of the tax administrator or other information functions of the tax 3707
administrator. 3708

(F) As used in this section, "frivolous" means that the 3709
conduct of the tax administrator, an employee of the municipal 3710
corporation or the tax administrator, the taxpayer, or the 3711

taxpayer's counsel of record satisfies either of the following: 3712

(1) It obviously serves merely to harass or maliciously 3713
injure the tax administrator, the municipal corporation, or 3714
employees thereof if referring to the conduct of a taxpayer or the 3715
taxpayer's counsel of record, or to harass or maliciously injure 3716
the taxpayer if referring to the conduct of the tax administrator, 3717
the municipal corporation, or employees thereof; 3718

(2) It is not warranted under existing law and cannot be 3719
supported by a good faith argument for an extension, modification, 3720
or reversal of existing law. 3721

Sec. 718.38. (A) An "opinion of the tax administrator" means 3722
an opinion issued under this section with respect to prospective 3723
municipal income tax liability. It does not include ordinary 3724
correspondence of the tax administrator. 3725

(B) A taxpayer may submit a written request for an opinion of 3726
the tax administrator as to whether or how certain income, source 3727
of income, or a certain activity or transaction will be taxed. The 3728
written response of the tax administrator shall be an "opinion of 3729
the tax administrator" and shall bind the tax administrator, in 3730
accordance with divisions (C), (G), and (H) of this section, 3731
provided all of the following conditions are satisfied: 3732

(1) The taxpayer's request fully and accurately describes the 3733
specific facts or circumstances relevant to a determination of the 3734
taxability of the income, source of income, activity, or 3735
transaction, and, if an activity or transaction, all parties 3736
involved in the activity or transaction are clearly identified by 3737
name, location, or other pertinent facts. 3738

(2) The request relates to a tax imposed by the municipal 3739
corporation in accordance with this chapter. 3740

(3) The tax administrator's response is signed by the tax 3741

administrator and designated as an "opinion of the tax administrator." 3742
3743

(C) An opinion of the tax administrator shall remain in effect and shall protect the taxpayer for whom the opinion was prepared and who reasonably relies on it from liability for any taxes, penalty, or interest otherwise chargeable on the activity or transaction specifically held by the tax administrator's opinion to be taxable in a particular manner or not to be subject to taxation for any taxable years that may be specified in the opinion, or until the earliest of the following dates: 3744
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(1) The effective date of a written revocation by the tax administrator sent to the taxpayer by certified mail, return receipt requested. The effective date of the revocation shall be the taxpayer's date of receipt or one year after the issuance of the opinion, whichever is later; 3752
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3754
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(2) The effective date of any amendment or enactment of a relevant section of the Revised Code, uncodified state law, or the municipal corporation's income tax ordinance that would substantially change the analysis and conclusion of the opinion of the tax administrator; 3757
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3761

(3) The date on which a court issues an opinion establishing or changing relevant case law with respect to the Revised Code, uncodified state law, or the municipal corporation's income tax ordinance; 3762
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(4) If the opinion of the tax administrator was based on the interpretation of federal law, the effective date of any change in the relevant federal statutes or regulations, or the date on which a court issues an opinion establishing or changing relevant case law with respect to federal statutes or regulations; 3766
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(5) The effective date of any change in the taxpayer's material facts or circumstances; 3771
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(6) The effective date of the expiration of the opinion, if 3773
specified in the opinion. 3774

(D) A taxpayer is not relieved of tax liability for any 3775
activity or transaction related to a request for an opinion that 3776
contained any misrepresentation or omission of one or more 3777
material facts. 3778

(E) If a tax administrator provides written advice under this 3779
section, the opinion shall include a statement that: 3780

(1) The tax consequences stated in the opinion may be subject 3781
to change for any of the reasons stated in division (C) of this 3782
section; 3783

(2) It is the duty of the taxpayer to be aware of such 3784
changes. 3785

(F) A tax administrator may refuse to offer an opinion on any 3786
request received under this section. 3787

(G) This section binds a tax administrator only with respect 3788
to opinions of the tax administrator issued on or after January 1, 3789
2016. 3790

(H) An opinion of a tax administrator binds that tax 3791
administrator only with respect to the taxpayer for whom the 3792
opinion was prepared and does not bind the tax administrator of 3793
any other municipal corporation. 3794

(I) A tax administrator shall make available the text of all 3795
opinions issued under this section, except those opinions prepared 3796
for a taxpayer who has requested that the text of the opinion 3797
remain confidential. In no event shall the text of an opinion be 3798
made available until the tax administrator has removed all 3799
information that identifies the taxpayer and any other parties 3800
involved in the activity or transaction. 3801

(J) An opinion of the tax administrator issued under this 3802

section may not be appealed. 3803

Sec. 718.39. If the municipal corporation imposing a tax in 3804
accordance with this chapter has a population greater than thirty 3805
thousand according to the most recent decennial census or if the 3806
tax administrator charged with the administration of the tax is 3807
described in either division (U)(2) or (3) of section 718.01 of 3808
the Revised Code, all of the tax administrator's written 3809
correspondence to a taxpayer or other person shall include the 3810
name and contact information of an individual designated to 3811
receive inquiries regarding the correspondence. The individual may 3812
be the tax administrator or an employee of the tax administrator. 3813

Sec. 718.41. (A) A taxpayer shall file an amended return with 3814
the tax administrator in such form as the tax administrator 3815
requires if any of the facts, figures, computations, or 3816
attachments required in the taxpayer's annual return to determine 3817
the tax due levied by the municipal corporation in accordance with 3818
this chapter must be altered as the result of an adjustment to the 3819
taxpayer's federal income tax return, whether initiated by the 3820
taxpayer or the internal revenue service, and such alteration 3821
affects the taxpayer's tax liability under this chapter. If a 3822
taxpayer intends to file an amended consolidated municipal income 3823
tax return, or to amend its type of return from a separate return 3824
to a consolidated return, based on the taxpayer's consolidated 3825
federal income tax return, the taxpayer shall notify the tax 3826
administrator before filing the amended return. 3827

(B)(1) In the case of an underpayment, the amended return 3828
shall be accompanied by payment of any combined additional tax due 3829
together with any penalty and interest thereon. If the combined 3830
tax shown to be due is ten dollars or less, such amount need not 3831
accompany the amended return. Except as provided under division 3832
(B)(2) of this section, the amended return shall not reopen those 3833

facts, figures, computations, or attachments from a previously 3834
filed return that are not affected, either directly or indirectly, 3835
by the adjustment to the taxpayer's federal or state income tax 3836
return unless the applicable statute of limitations for civil 3837
actions or prosecutions under section 718.12 of the Revised Code 3838
has not expired for a previously filed return. 3839

(2) The additional tax to be paid shall not exceed the amount 3840
of tax that would be due if all facts, figures, computations, and 3841
attachments were reopened. 3842

(C)(1) In the case of an overpayment, a request for refund 3843
may be filed under this division within the period prescribed by 3844
division (E) of section 718.12 of the Revised Code for filing the 3845
amended return even if it is filed beyond the period prescribed in 3846
that division if it otherwise conforms to the requirements of that 3847
division. If the amount of the refund is ten dollars or less, no 3848
refund need be paid by the municipal corporation to the taxpayer. 3849
Except as set forth in division (C)(2) of this section, a request 3850
filed under this division shall claim refund of overpayments 3851
resulting from alterations to only those facts, figures, 3852
computations, or attachments required in the taxpayer's annual 3853
return that are affected, either directly or indirectly, by the 3854
adjustment to the taxpayer's federal or state income tax return 3855
unless it is also filed within the time prescribed in section 3856
718.19 of the Revised Code. Except as set forth in division (C)(2) 3857
of this section, the request shall not reopen those facts, 3858
figures, computations, or attachments that are not affected, 3859
either directly or indirectly, by the adjustment to the taxpayer's 3860
federal or state income tax return. 3861

(2) The amount to be refunded shall not exceed the amount of 3862
refund that would be due if all facts, figures, computations, and 3863
attachments were reopened. 3864

Sec. 718.04 718.50. (A) No municipal corporation other than 3865
the municipal corporation of residence shall levy a tax on the 3866
income of any member or employee of the Ohio general assembly 3867
including the lieutenant governor which income is received as a 3868
result of services rendered as such member or employee and is paid 3869
from appropriated funds of this state. 3870

(B) No municipal corporation other than the municipal 3871
corporation of residence and the city of Columbus shall levy a tax 3872
on the income of the chief justice or a justice of the supreme 3873
court received as a result of services rendered as the chief 3874
justice or justice. No municipal corporation other than the 3875
municipal corporation of residence shall levy a tax on the income 3876
of a judge sitting by assignment of the chief justice or on the 3877
income of a district court of appeals judge sitting in multiple 3878
locations within the district, received as a result of services 3879
rendered as a judge. 3880

Sec. 718.99. (A) Except as provided in division (B) of this 3881
section, whoever violates section 718.35 of the Revised Code, 3882
division (A) of section 718.13 of the Revised Code, or section 3883
718.03 of the Revised Code by failing to remit municipal income 3884
taxes deducted and withheld from an employee, shall be guilty of a 3885
misdemeanor of the first degree and shall be subject to a fine of 3886
not more than one thousand dollars or imprisonment for a term of 3887
up to six months, or both, unless the violation is punishable by a 3888
municipal ordinance or resolution imposing a greater penalty or 3889
requiring dismissal from office or discharge from employment, or 3890
both, in which case the municipal ordinance or resolution shall 3891
govern. 3892

(B) Any person who discloses information received from the 3893
Internal Revenue Service in violation of division (A) of section 3894
718.13 of the Revised Code shall be guilty of a felony of the 3895

fifth degree and shall be subject to a fine of not more than five thousand dollars plus the costs of prosecution, or imprisonment for a term not exceeding five years, or both, unless the violation is punishable by a municipal ordinance imposing a greater penalty or requiring dismissal from office or discharge from employment, or both, in which case the municipal ordinance shall govern.

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

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

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

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

(1) Actions of county budget commissions;

(2) Decisions of county boards of revision;

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

(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;

(5) Adoption and promulgation of rules of the tax commissioner.	3926 3927
(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;	3928 3929 3930 3931 3932 3933 3934
(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;	3935 3936 3937 3938
(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:	3939 3940 3941 3942 3943 3944 3945 3946
(1) Rules governing the creation and implementation of a mediation program, including procedures for requesting, requiring participation in, objecting to, and conducting a mediation;	3947 3948 3949
(2) Rules requiring the tax commissioner, county boards of revision, and municipal <u>local</u> boards of appeal <u>tax review</u> created under section 718.11 of the Revised Code to electronically file any transcript required to be filed with the board of tax appeals, and instructions and procedures for the electronic filing of such transcripts.	3950 3951 3952 3953 3954 3955
(3) Rules establishing procedures to control and manage	3956

appeals filed with the board. The procedures shall include, but 3957
not be limited to, the establishment of a case management schedule 3958
that shall include expected dates related to discovery deadlines, 3959
disclosure of evidence, pre-hearing motions, and the hearing, and 3960
other case management issues considered appropriate. 3961

Sec. 5703.059. (A) The tax commissioner may adopt rules 3962
requiring returns, including any accompanying schedule or 3963
statement, for any tax or fee administered by the commissioner to 3964
be filed electronically using the Ohio business gateway as defined 3965
in section ~~718.051~~ 718.01 of the Revised Code, filed 3966
telephonically using the system known as the Ohio telefile system, 3967
or filed by any other electronic means prescribed by the 3968
commissioner. 3969

(B) The commissioner may adopt rules requiring any payment of 3970
tax shown on such a return to be due to be made electronically in 3971
a manner approved by the commissioner. 3972

(C) A rule adopted under this section does not apply to 3973
returns or reports filed or payments made before the effective 3974
date of the rule. The commissioner shall publicize any new 3975
electronic filing requirement on the department's web site. The 3976
commissioner shall educate the public of the requirement through 3977
seminars, workshops, conferences, or other outreach activities. 3978

(D) Any person required to file returns and make payments 3979
electronically under rules adopted under this section may apply to 3980
the commissioner, on a form prescribed by the commissioner, to be 3981
excused from that requirement. For good cause shown, the 3982
commissioner may excuse the applicant from the requirement and 3983
permit the applicant to file the returns or reports or make the 3984
payments required under this section by nonelectronic means. 3985

Sec. 5703.57. (A) As used in this section, "Ohio business 3986

gateway" has the same meaning as in section ~~718.051~~ 718.01 of the Revised Code.

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

(C) The committee shall consist of:

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

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

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

(c) Not more than two tax practitioners.

(2) The following ex officio members:

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

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

(c) The treasurer of state or the treasurer of state's	4016
designee;	4017
(d) The director of budget and management or the director's	4018
designee;	4019
(e) The state chief information officer or the officer's	4020
designee;	4021
(f) The tax commissioner or the tax commissioner's designee;	4022
and	4023
(g) The director of development or the director's designee.	4024
An appointed member shall serve until the member resigns or	4025
is removed by the governor. Vacancies shall be filled in the same	4026
manner as original appointments.	4027
(D) A vacancy on the committee does not impair the right of	4028
the other members to exercise all the functions of the committee.	4029
The presence of a majority of the members of the committee	4030
constitutes a quorum for the conduct of business of the committee.	4031
The concurrence of at least a majority of the members of the	4032
committee is necessary for any action to be taken by the	4033
committee. On request, each member of the committee shall be	4034
reimbursed for the actual and necessary expenses incurred in the	4035
discharge of the member's duties.	4036
(E) The committee is a part of the department of taxation for	4037
administrative purposes.	4038
(F) Each year, the governor shall select a member of the	4039
committee to serve as chairperson. The chairperson shall appoint	4040
an official or employee of the department of taxation to act as	4041
the committee's secretary. The secretary shall keep minutes of the	4042
committee's meetings and a journal of all meetings, proceedings,	4043
findings, and determinations of the committee.	4044
(G) The committee may hire professional, technical, and	4045

clerical staff needed to support its activities. 4046

(H) The committee shall meet as often as necessary to perform 4047
its duties. 4048

Sec. 5717.011. (A) As used in this chapter, "tax 4049
administrator" has the same meaning as in section 718.01 of the 4050
Revised Code. 4051

(B) Appeals from a ~~municipal~~ final determination of a local 4052
board of ~~appeal~~ tax review created under section 718.11 of the 4053
Revised Code may be taken by the taxpayer or the tax administrator 4054
to the board of tax appeals or may be taken by the taxpayer or the 4055
tax administrator to a court of common pleas as otherwise provided 4056
by law. If the taxpayer or the tax administrator elects to make an 4057
appeal to the board of tax appeals or court of common pleas, and 4058
subject to section 5703.021 of the Revised Code with respect to 4059
appeals assigned to the small claims docket, the appeal shall be 4060
taken by the filing of a notice of appeal with the board of tax 4061
appeals or court of common pleas, the ~~municipal~~ local board of 4062
~~appeal~~ tax review, and the opposing party. The notice of appeal 4063
shall be filed within sixty days after the day the appellant 4064
receives notice of the ~~decision~~ final determination issued under 4065
section 718.11 of the Revised Code. An appeal filed with a court 4066
of common pleas is governed by the Rules of Civil Procedure and 4067
other rules of practice and procedure applicable to civil actions. 4068
For an appeal filed with the board of tax appeals, the notice of 4069
appeal may be filed in person or by certified mail, express mail, 4070
facsimile transmission, electronic transmission, or by authorized 4071
delivery service as provided in section 5703.056 of the Revised 4072
Code. If the notice of appeal is filed by certified mail, express 4073
mail, or authorized delivery service as provided in section 4074
5703.056 of the Revised Code, the date of the United States 4075
postmark placed on the sender's receipt by the postal service or 4076

the date of receipt recorded by the authorized delivery service 4077
shall be treated as the date of filing with the board. If notice 4078
of appeal is filed by facsimile transmission or electronic 4079
transmission, the date and time the notice is received by the 4080
board shall be the date and time reflected on a timestamp provided 4081
by the board's electronic system, and the appeal shall be 4082
considered filed with the board on the date reflected on that 4083
timestamp. Any timestamp provided by another computer system or 4084
electronic submission device shall not affect the time and date 4085
the notice is received by the board. The notice of appeal shall 4086
have attached thereto and incorporated therein by reference a true 4087
copy of the ~~decision~~ final determination issued under section 4088
718.11 of the Revised Code, but failure to attach a copy of such 4089
notice and incorporate it by reference in the notice of appeal 4090
does not invalidate the appeal. 4091

(C) A notice of appeal for an appeal filed with the board of 4092
tax appeals shall contain a short and plain statement of the 4093
claimed errors in the ~~decision~~ final determination of the 4094
~~municipal local~~ board of ~~appeal~~ tax review showing that the 4095
appellant is entitled to relief and a demand for the relief to 4096
which the appellant claims to be entitled. An appellant may amend 4097
the notice of appeal once as a matter of course within sixty days 4098
after the certification of the transcript. Otherwise, an appellant 4099
may amend the notice of appeal only after receiving leave of the 4100
board or the written consent of each adverse party. Leave of the 4101
board shall be freely given when justice so requires. 4102

(D) Upon the filing of a notice of appeal with the board of 4103
tax appeals, the ~~municipal local~~ board of ~~appeal~~ tax review shall 4104
certify to the board of tax appeals a transcript of the record of 4105
the proceedings before it, together with all evidence considered 4106
by it in connection therewith. Such appeals may be heard by the 4107
board at its office in Columbus or in the county where the 4108

appellant resides, or it may cause its examiners to conduct such 4109
hearings and to report to it their findings for affirmation or 4110
rejection. The board may order the appeal to be heard upon the 4111
record and the evidence certified to it by the tax administrator, 4112
but upon the application of any interested party the board shall 4113
order the hearing of additional evidence, and the board may make 4114
such investigation concerning the appeal as it considers proper. 4115
An appeal may proceed pursuant to section 5703.021 of the Revised 4116
Code on the small claims docket if the appeals qualifies under 4117
that section. 4118

(E) If an issue being appealed under this section is 4119
addressed in a municipal corporation's ordinance or regulation, 4120
the tax administrator, upon the request of the board of tax 4121
appeals, shall provide a copy of the ordinance or regulation to 4122
the board of tax appeals. 4123

Sec. 5717.03. (A) A decision of the board of tax appeals on 4124
an appeal filed with it pursuant to section 5717.01, 5717.011, or 4125
5717.02 of the Revised Code shall be entered of record on the 4126
journal together with the date when the order is filed with the 4127
secretary for journalization. 4128

(B) In case of an appeal from a decision of a county board of 4129
revision, the board of tax appeals shall determine the taxable 4130
value of the property whose valuation or assessment by the county 4131
board of revision is complained of, or in the event the complaint 4132
and appeal is against a discriminatory valuation, shall determine 4133
a valuation which shall correct such discrimination, and shall 4134
determine the liability of the property for taxation, if that 4135
question is in issue, and the board of tax appeals' decision and 4136
the date when it was filed with the secretary for journalization 4137
shall be sent by the board to all persons who were parties to the 4138
appeal before the board, to the person in whose name the property 4139

is listed, or sought to be listed, if such person is not a party 4140
to the appeal, to the county auditor of the county in which the 4141
property involved in the appeal is located, and to the tax 4142
commissioner. 4143

In correcting a discriminatory valuation, the board of tax 4144
appeals shall increase or decrease the value of the property whose 4145
valuation or assessment by the county board of revision is 4146
complained of by a per cent or amount which will cause such 4147
property to be listed and valued for taxation by an equal and 4148
uniform rule. 4149

(C) In the case of an appeal from a review, redetermination, 4150
or correction of a tax assessment, valuation, determination, 4151
finding, computation, or order of the tax commissioner, the order 4152
of the board of tax appeals and the date of the entry thereof upon 4153
its journal shall be sent by the board to all persons who were 4154
parties to the appeal before the board, the person in whose name 4155
the property is listed or sought to be listed, if the decision 4156
determines the valuation or liability of property for taxation and 4157
if such person is not a party to the appeal, the taxpayer or other 4158
person to whom notice of the tax assessment, valuation, 4159
determination, finding, computation, or order, or correction or 4160
redetermination thereof, by the tax commissioner was by law 4161
required to be given, the director of budget and management, if 4162
the revenues affected by such decision would accrue primarily to 4163
the state treasury, and the county auditors of the counties to the 4164
undivided general tax funds of which the revenues affected by such 4165
decision would primarily accrue. 4166

(D) In the case of an appeal from a ~~municipal final~~ 4167
determination of a local board of ~~appeal tax review~~ created under 4168
section 718.11 of the Revised Code, the order of the board of tax 4169
appeals and the date of the entry thereof upon the board's journal 4170
shall be sent by the board to all persons who were parties to the 4171

appeal before the board. 4172

(E) In the case of all other appeals or applications filed 4173
with and determined by the board, the board's order and the date 4174
when the order was filed by the secretary for journalization shall 4175
be sent by the board to the person who is a party to such appeal 4176
or application, to such persons as the law requires, and to such 4177
other persons as the board deems proper. 4178

(F) The orders of the board may affirm, reverse, vacate, 4179
modify, or remand the tax assessments, valuations, determinations, 4180
findings, computations, or orders complained of in the appeals 4181
determined by the board, and the board's decision shall become 4182
final and conclusive for the current year unless reversed, 4183
vacated, or modified as provided in section 5717.04 of the Revised 4184
Code. When an order of the board becomes final the tax 4185
commissioner and all officers to whom such decision has been sent 4186
shall make the changes in their tax lists or other records which 4187
the decision requires. 4188

(G) If the board finds that issues not raised on the appeal 4189
are important to a determination of a controversy, the board may 4190
remand the cause for an administrative determination and the 4191
issuance of a new tax assessment, valuation, determination, 4192
finding, computation, or order, unless the parties stipulate to 4193
the determination of such other issues without remand. An order 4194
remanding the cause is a final order. If the order relates to any 4195
issue other than a municipal income tax matter appealed under 4196
sections 718.11 and 5717.011 of the Revised Code, the order may be 4197
appealed to the court of appeals in Franklin county. If the order 4198
relates to a municipal income tax matter appealed under sections 4199
718.11 and 5717.011 of the Revised Code, the order may be appealed 4200
to the court of appeals for the county in which the municipal 4201
corporation in which the dispute arose is primarily situated. 4202

(H) At the request of any person that filed an appeal subject 4203

to this section, the decision or order of the board of tax appeals 4204
issued pursuant to division (B), (C), (D), or (E) of this section 4205
shall be sent by certified mail at the requestor's expense. 4206

Sec. 5726.03. (A)(1) Annually, on or before the fifteenth day 4207
of October, the reporting person for each taxpayer shall make a 4208
report in writing to the tax commissioner, in such form as the 4209
commissioner prescribes, and shall remit to the commissioner the 4210
amount of tax shown to be due on the report. The remittance shall 4211
be made payable to the treasurer of state. The commissioner shall 4212
make available, on the official internet web site of the 4213
department of taxation, copies of the forms prescribed by the 4214
commissioner for the purpose of making the annual report. 4215

(2) An annual report shall be signed by the president, 4216
vice-president, secretary, treasurer, general manager, 4217
superintendent, or managing agent in this state of the reporting 4218
person. 4219

(3) An annual report shall contain the facts, figures, 4220
computations, and attachments that result in the determination of 4221
the amount of tax due from a taxpayer under this chapter. 4222

(B)(1) In the case of a financial institution described in 4223
division (H)(1) of section 5726.01 of the Revised Code, the annual 4224
report filed for a taxable year shall list, and include 4225
information related to, each person includable in an FR Y-9 filed 4226
by the reporting person for that taxable year. 4227

(2) In the case of a financial institution described in 4228
division (H)(2) or (3) of section 5726.01 of the Revised Code, the 4229
annual report for a taxable year shall list, and include 4230
information related to, each person includable in a call report 4231
filed by the reporting person for that taxable year. 4232

(C)(1) The reporting person for a taxpayer shall remit each 4233

tax payment and, if required by the commissioner, file each annual 4234
or estimated tax report electronically. The commissioner may 4235
require reporting persons to use the Ohio business gateway as 4236
defined in section ~~718.051~~ 718.01 of the Revised Code to file 4237
reports and remit the tax, or may provide another means for 4238
reporting persons to file and remit the tax electronically. 4239

(2) The payment of taxes as provided in division (C) of this 4240
section shall not affect a taxpayer's obligation to file an annual 4241
report required under division (A) of this section. 4242

(3) The reporting person for a taxpayer that is required to 4243
remit tax payments electronically under this section may apply to 4244
the tax commissioner, in the manner prescribed by the 4245
commissioner, to be excused from that requirement. The 4246
commissioner may excuse the taxpayer from the requirements of 4247
division (C) of this section for good cause. 4248

(4) If the reporting person for a taxpayer that is required 4249
to remit tax payments or file reports electronically under this 4250
section fails to do so, the commissioner may impose a penalty not 4251
to exceed the following: 4252

(a) For either of the first two reports the person so fails, 4253
five per cent of the amount of the payment that was required to be 4254
remitted; 4255

(b) For the third and any subsequent reports the person so 4256
fails, ten per cent of the amount of the payment that was required 4257
to be remitted. 4258

The penalty imposed under this section is in addition to any 4259
other penalty or charge imposed under this chapter and shall be 4260
considered as revenue arising from the tax levied under this 4261
chapter. A penalty may be collected by assessment in the manner 4262
prescribed by section 5726.20 of the Revised Code. The tax 4263
commissioner may abate all or a portion of such a penalty and may 4264

adopt rules governing such abatements. 4265

Sec. 5736.04. (A) Not later than the tenth day of the second 4266
month after the end of each calendar quarter, every taxpayer shall 4267
file with the tax commissioner a tax return in such form as the 4268
commissioner prescribes. The return shall include, but is not 4269
limited to, the amount of the taxpayer's calculated gross receipts 4270
for the calendar quarter and shall indicate the amount of tax due 4271
under section 5736.02 of the Revised Code for the calendar 4272
quarter. The taxpayer shall indicate on each return the portion of 4273
the taxpayer's gross receipts attributable to motor fuel used for 4274
propelling vehicles on public highways and waterways and the 4275
portion of such receipts attributable to motor fuel used for other 4276
purposes. For this purpose, the sale of gasoline and of diesel 4277
fuel that is not dyed diesel fuel shall be rebuttably presumed to 4278
be distributed or sold for use or used to propel vehicles on 4279
public highways or waterways. All other sales of motor fuel shall 4280
be rebuttably presumed not to be distributed or sold for use or 4281
used to propel vehicles on public highways or waterways. 4282

(B)(1) The taxpayer shall remit the tax shown to be due on 4283
the return, and, if required by the tax commissioner, file the 4284
return, electronically. The commissioner may require taxpayers to 4285
use the Ohio business gateway as defined in section ~~718.051~~ 718.01 4286
of the Revised Code to file return returns and remit the tax, or 4287
may provide another means for taxpayers to file and remit the tax 4288
electronically. 4289

(2) A person required by this section to remit taxes or file 4290
returns electronically may apply to the commissioner, on the form 4291
prescribed by the commissioner, to be excused from that 4292
requirement. The commissioner may excuse a person from such 4293
requirement for good cause. 4294

(C) The tax rate with respect to calculated gross receipts 4295

for a calendar quarter is not fixed until the end of the 4296
measurement period for each calendar quarter. The total amount of 4297
calculated gross receipts reported for a given calendar quarter 4298
shall be subject to the tax rate in effect in that quarter. 4299

Sec. 5739.12. (A)(1) Each person who has or is required to 4300
have a vendor's license, on or before the twenty-third day of each 4301
month, shall make and file a return for the preceding month in the 4302
form prescribed by the tax commissioner, and shall pay the tax 4303
shown on the return to be due. The return shall be filed 4304
electronically using the Ohio business gateway, as defined in 4305
section ~~718.051~~ 718.01 of the Revised Code, the Ohio telefile 4306
system, or any other electronic means prescribed by the 4307
commissioner. Payment of the tax shown on the return to be due 4308
shall be made electronically in a manner approved by the 4309
commissioner. The commissioner may require a vendor that operates 4310
from multiple locations or has multiple vendor's licenses to 4311
report all tax liabilities on one consolidated return. The return 4312
shall show the amount of tax due from the vendor to the state for 4313
the period covered by the return and such other information as the 4314
commissioner deems necessary for the proper administration of this 4315
chapter. The commissioner may extend the time for making and 4316
filing returns and paying the tax, and may require that the return 4317
for the last month of any annual or semiannual period, as 4318
determined by the commissioner, be a reconciliation return 4319
detailing the vendor's sales activity for the preceding annual or 4320
semiannual period. The reconciliation return shall be filed by the 4321
last day of the month following the last month of the annual or 4322
semiannual period. The commissioner may remit all or any part of 4323
amounts or penalties that may become due under this chapter and 4324
may adopt rules relating thereto. Such return shall be filed 4325
electronically as directed by the tax commissioner, and payment of 4326
the amount of tax shown to be due thereon, after deduction of any 4327

discount provided for under this section, shall be made 4328
electronically in a manner approved by the tax commissioner. 4329

(2) Any person required to file returns and make payments 4330
electronically under division (A)(1) of this section may apply to 4331
the tax commissioner on a form prescribed by the commissioner to 4332
be excused from that requirement. For good cause shown, the 4333
commissioner may excuse the person from that requirement and may 4334
permit the person to file the returns and make the payments 4335
required by this section by nonelectronic means. 4336

(B)(1) If the return is filed and the amount of tax shown 4337
thereon to be due is paid on or before the date such return is 4338
required to be filed, the vendor shall be entitled to a discount 4339
of three-fourths of one per cent of the amount shown to be due on 4340
the return. 4341

(2) A vendor that has selected a certified service provider 4342
as its agent shall not be entitled to the discount if the 4343
certified service provider receives a monetary allowance pursuant 4344
to section 5739.06 of the Revised Code for performing the vendor's 4345
sales and use tax functions in this state. Amounts paid to the 4346
clerk of courts pursuant to section 4505.06 of the Revised Code 4347
shall be subject to the applicable discount. The discount shall be 4348
in consideration for prompt payment to the clerk of courts and for 4349
other services performed by the vendor in the collection of the 4350
tax. 4351

(C)(1) Upon application to the tax commissioner, a vendor who 4352
is required to file monthly returns may be relieved of the 4353
requirement to report and pay the actual tax due, provided that 4354
the vendor agrees to remit to the commissioner payment of not less 4355
than an amount determined by the commissioner to be the average 4356
monthly tax liability of the vendor, based upon a review of the 4357
returns or other information pertaining to such vendor for a 4358
period of not less than six months nor more than two years 4359

immediately preceding the filing of the application. Vendors who 4360
agree to the above conditions shall make and file an annual or 4361
semiannual reconciliation return, as prescribed by the 4362
commissioner. The reconciliation return shall be filed 4363
electronically as directed by the tax commissioner, and payment of 4364
the amount of tax shown to be due thereon, after deduction of any 4365
discount provided in this section, shall be made electronically in 4366
a manner approved by the commissioner. Failure of a vendor to 4367
comply with any of the above conditions may result in immediate 4368
reinstatement of the requirement of reporting and paying the 4369
actual tax liability on each monthly return, and the commissioner 4370
may at the commissioner's discretion deny the vendor the right to 4371
report and pay based upon the average monthly liability for a 4372
period not to exceed two years. The amount ascertained by the 4373
commissioner to be the average monthly tax liability of a vendor 4374
may be adjusted, based upon a review of the returns or other 4375
information pertaining to the vendor for a period of not less than 4376
six months nor more than two years preceding such adjustment. 4377

(2) The commissioner may authorize vendors whose tax 4378
liability is not such as to merit monthly returns, as ascertained 4379
by the commissioner upon the basis of administrative costs to the 4380
state, to make and file returns at less frequent intervals. When 4381
returns are filed at less frequent intervals in accordance with 4382
such authorization, the vendor shall be allowed the discount 4383
provided in this section in consideration for prompt payment with 4384
the return, provided the return is filed and payment is made of 4385
the amount of tax shown to be due thereon, at the time specified 4386
by the commissioner, but a vendor that has selected a certified 4387
service provider as its agent shall not be entitled to the 4388
discount. 4389

(D) Any vendor who fails to file a return or to pay the full 4390
amount of the tax shown on the return to be due in the manner 4391

prescribed under this section and the rules of the commissioner 4392
may, for each such return, be required to forfeit and pay into the 4393
state treasury an additional charge not exceeding fifty dollars or 4394
ten per cent of the tax required to be paid for the reporting 4395
period, whichever is greater, as revenue arising from the tax 4396
imposed by this chapter, and such sum may be collected by 4397
assessment in the manner provided in section 5739.13 of the 4398
Revised Code. The commissioner may remit all or a portion of the 4399
additional charge and may adopt rules relating to the imposition 4400
and remission of the additional charge. 4401

(E) If the amount required to be collected by a vendor from 4402
consumers is in excess of the applicable percentage of the 4403
vendor's receipts from sales that are taxable under section 4404
5739.02 of the Revised Code, or in the case of sales subject to a 4405
tax levied pursuant to section 5739.021, 5739.023, or 5739.026 of 4406
the Revised Code, in excess of the percentage equal to the 4407
aggregate rate of such taxes and the tax levied by section 5739.02 4408
of the Revised Code, such excess shall be remitted along with the 4409
remittance of the amount of tax due under section 5739.10 of the 4410
Revised Code. 4411

(F) The commissioner, if the commissioner deems it necessary 4412
in order to insure the payment of the tax imposed by this chapter, 4413
may require returns and payments to be made for other than monthly 4414
periods. 4415

(G) Any vendor required to file a return and pay the tax 4416
under this section whose total payment for a year equals or 4417
exceeds the amount shown in division (A) of section 5739.122 of 4418
the Revised Code is subject to the accelerated tax payment 4419
requirements in divisions (B) and (C) of that section. For a 4420
vendor that operates from multiple locations or has multiple 4421
vendor's licenses, in determining whether the vendor's total 4422
payment equals or exceeds the amount shown in division (A) of that 4423

section, the vendor's total payment amount shall be the amount of 4424
the vendor's total tax liability for the previous calendar year 4425
for all of the vendor's locations or licenses. 4426

Sec. 5739.124. (A) If required by the tax commissioner, a 4427
permit holder required to make payments under section 5739.032 of 4428
the Revised Code shall file all returns and reports 4429
electronically. The commissioner may require the permit holder to 4430
use the Ohio business gateway, as defined in section ~~718.051~~ 4431
718.01 of the Revised Code, or any other electronic means approved 4432
by the commissioner, to file the returns and reports, or to remit 4433
the tax, in lieu of the manner prescribed under section 5739.032 4434
of the Revised Code. 4435

(B) A person required under this section to file reports and 4436
returns electronically may apply to the tax commissioner to be 4437
excused from that requirement. Applications shall be made on a 4438
form prescribed by the commissioner. The commissioner may approve 4439
the application for good cause. 4440

(C)(1) If a person required to file a report or return 4441
electronically under this section fails to do so, the tax 4442
commissioner may impose an additional charge not to exceed the 4443
following: 4444

(a) For each of the first two failures, five per cent of the 4445
amount required to be reported on the report or return; 4446

(b) For the third and any subsequent failure, ten per cent of 4447
the amount required to be reported on the report or return. 4448

(2) The charges authorized under division (C)(1) of this 4449
section are in addition to any other charge or penalty authorized 4450
under this chapter, and shall be considered as revenue arising 4451
from taxes imposed under this chapter. An additional charge may be 4452
collected by assessment in the manner prescribed by section 4453

5739.13 of the Revised Code. The commissioner may waive all or a 4454
portion of such a charge and may adopt rules governing such 4455
waiver. 4456

Sec. 5741.122. (A) If required by the tax commissioner, a 4457
person required to make payments under section 5741.121 of the 4458
Revised Code shall file all returns and reports electronically. 4459
The commissioner may require the person to use the Ohio business 4460
gateway, as defined in section ~~718.051~~ 718.01 of the Revised Code, 4461
or any other electronic means approved by the commissioner, to 4462
file the returns and reports, or to remit the tax, in lieu of the 4463
manner prescribed under section 5741.121 of the Revised Code. 4464

(B) A person required under this section to file reports and 4465
returns electronically may apply to the tax commissioner to be 4466
excused from that requirement. Applications shall be made on a 4467
form prescribed by the commissioner. The commissioner may approve 4468
the application for good cause. 4469

(C)(1) If a person required to file a report or return 4470
electronically under this section fails to do so, the tax 4471
commissioner may impose an additional charge not to exceed the 4472
following: 4473

(a) For each of the first two failures, five per cent of the 4474
amount required to be reported on the report or return; 4475

(b) For the third and any subsequent failure, ten per cent of 4476
the amount required to be reported on the report or return. 4477

(2) The charges authorized under division (C)(1) of this 4478
section are in addition to any other charge or penalty authorized 4479
under this chapter, and shall be considered as revenue arising 4480
from taxes imposed under this chapter. An additional charge may be 4481
collected by assessment in the manner prescribed by section 4482
5741.13 of the Revised Code. The commissioner may waive all or a 4483

portion of such a charge and may adopt rules governing such 4484
waiver. 4485

Sec. 5747.063. The requirements imposed under this section 4486
are in addition to the municipal income tax withholding 4487
requirements under section 718.031 of the Revised Code. 4488

(A)(1) If a person's winnings at a casino facility are an 4489
amount for which reporting to the internal revenue service of the 4490
amount is required by section 6041 of the Internal Revenue Code, 4491
as amended, the casino operator shall deduct and withhold Ohio 4492
income tax from the person's winnings at a rate of four per cent 4493
of the amount won ~~and shall deduct and withhold municipal income 4494~~
~~tax from the person's winnings at the rate of tax of the municipal 4495~~
~~corporation in which the casino facility is located. A person's 4496~~
amount of winnings shall be determined each time the person 4497
exchanges amounts won in tokens, chips, casino credit, or other 4498
prepaid representations of value for cash or a cash equivalent. 4499
The casino operator shall issue, to a person from whose winnings 4500
an amount has been deducted and withheld, a receipt for the amount 4501
deducted and withheld, and also shall obtain from the person 4502
additional information that will be necessary for the casino 4503
operator to prepare the returns required by this section. 4504

(2) If a person's winnings at a casino facility require 4505
reporting to the internal revenue service under division (A)(1) of 4506
this section, the casino operator also shall require the person to 4507
state in writing, under penalty of falsification, whether the 4508
person is in default under a support order. 4509

(B) Amounts deducted and withheld by a casino operator are 4510
held in trust for the benefit of the state ~~and municipal 4511~~
~~corporations, as applicable. 4512~~

(1) On or before the tenth day of each month, the casino 4513
operator shall file a return electronically with the tax 4514

~~commissioner and the tax administrator of the municipal~~ 4515
~~corporation, as applicable,~~ identifying the persons from whose 4516
winnings amounts were deducted and withheld, the amount of each 4517
such deduction and withholding during the preceding calendar 4518
month, the amount of the winnings from which each such amount was 4519
withheld, the type of casino gaming that resulted in such 4520
winnings, and any other information required by the tax 4521
commissioner. With the return, the casino operator shall remit 4522
electronically to the commissioner ~~and the tax administrator of~~ 4523
~~the municipal corporation, as applicable,~~ all the amounts deducted 4524
and withheld during the preceding month. 4525

(2)(a) A casino operator shall maintain a record of each 4526
written statement provided under division (A)(2) of this section 4527
in which a person admits to being in default under a support 4528
order. The casino operator shall make these records available to 4529
the director of job and family services upon request. 4530

(b) A casino operator shall maintain copies of receipts 4531
issued under division (A)(1) of this section and of written 4532
statements provided under division (A)(2) of this section and 4533
shall make these copies available to the tax commissioner upon 4534
request. 4535

(c) A casino operator shall maintain the information 4536
described in divisions (B)(2)(a) and (b) of this section in 4537
accordance with section 5747.17 of the Revised Code and any rules 4538
adopted pursuant thereto. 4539

(3) Annually, on or before the thirty-first day of January, a 4540
casino operator shall file an annual return electronically with 4541
the tax commissioner ~~and the tax administrator of the municipal~~ 4542
~~corporation, as applicable,~~ indicating the total amount deducted 4543
and withheld during the preceding calendar year. The casino 4544
operator shall remit electronically with the annual return any 4545
amount that was deducted and withheld and that was not previously 4546

remitted. If the identity of a person and the amount deducted and 4547
withheld with respect to that person were omitted on a monthly 4548
return, that information shall be indicated on the annual return. 4549

(4)(a) A casino operator who fails to file a return and remit 4550
the amounts deducted and withheld is personally liable for the 4551
amount deducted and withheld and not remitted. The commissioner 4552
~~and the tax administrator of the municipal corporation, as~~ 4553
~~applicable,~~ may impose a penalty up to one thousand dollars if a 4554
return is filed late, if amounts deducted and withheld are 4555
remitted late, if a return is not filed, or if amounts deducted 4556
and withheld are not remitted. Interest accrues on past due 4557
amounts deducted and withheld at the rate prescribed in section 4558
5703.47 of the Revised Code. The commissioner ~~and the tax~~ 4559
~~administrator of the municipal corporation, as applicable,~~ may 4560
collect past due amounts deducted and withheld and penalties and 4561
interest thereon by assessment under section 5747.13 of the 4562
Revised Code as if they were income taxes collected by an 4563
employer. 4564

(b) If a casino operator sells the casino facility or 4565
otherwise quits the casino business, the amounts deducted and 4566
withheld and any penalties and interest thereon are immediately 4567
due and payable. The successor shall withhold an amount of the 4568
purchase money that is sufficient to cover the amounts deducted 4569
and withheld and penalties and interest thereon until the 4570
predecessor casino operator produces either a receipt from the 4571
commissioner ~~and the tax administrator of the municipal~~ 4572
~~corporation, as applicable,~~ showing that the amounts deducted and 4573
withheld and penalties and interest thereon have been paid or a 4574
certificate from the commissioner ~~and the tax administrator of the~~ 4575
~~municipal corporation, as applicable,~~ indicating that no amounts 4576
deducted and withheld or penalties and interest thereon are due. 4577
If the successor fails to withhold purchase money, the successor 4578

is personally liable for payment of the amounts deducted and 4579
withheld and penalties and interest thereon, up to the amount of 4580
the purchase money. 4581

(C)(1) Annually, on or before the thirty-first day of 4582
January, a casino operator shall issue an information return to 4583
each person with respect to whom an amount has been deducted and 4584
withheld during the preceding calendar year. The information 4585
return shall show the total amount deducted from the person's 4586
winnings by the casino operator during the preceding calendar 4587
year. 4588

(2) Annually, on or before the thirty-first day of January, a 4589
casino operator shall provide to the commissioner a copy of each 4590
information return issued under division (C)(1) of this section 4591
for the preceding calendar year. The commissioner may require that 4592
the copies be transmitted electronically. 4593

(D) Amounts deducted and withheld shall be allowed as a 4594
credit against payment of the tax imposed by section 5747.02 of 4595
the Revised Code and shall be treated as taxes paid for purposes 4596
of section 5747.09 of the Revised Code. This division applies only 4597
to the person for whom the amount is deducted and withheld. 4598

(E) The failure of a casino operator to deduct and withhold 4599
the required amount from a person's winnings does not relieve the 4600
person from liability for the tax imposed by section 5747.02 of 4601
the Revised Code with respect to those winnings. And compliance 4602
with this section does not relieve a casino operator or a person 4603
who has winnings at a casino facility from compliance with 4604
relevant provisions of federal tax laws. 4605

(F) The commissioner ~~and the tax administrator of the~~ 4606
~~municipal corporation, as applicable,~~ shall prescribe the form of 4607
the receipt and returns required by this section. The director of 4608
job and family services shall prescribe the form of the statement 4609

required by this section. 4610

(G) The commissioner may adopt rules that are necessary to 4611
administer this section. 4612

Sec. 5747.064. The requirements imposed under this section 4613
are in addition to the municipal income tax withholding 4614
requirements under section 718.031 of the Revised Code. 4615

(A) As used in this section, "video lottery terminal" has the 4616
same meaning as in section 3770.21 of the Revised Code. 4617

(B) If a person's prize award from a video lottery terminal 4618
is an amount for which reporting to the internal revenue service 4619
of the amount is required by section 6041 of the Internal Revenue 4620
Code, as amended, the lottery sales agent shall deduct and 4621
withhold Ohio income tax from the person's prize award at a rate 4622
of four per cent of the amount won ~~and shall deduct and withhold~~ 4623
~~municipal income tax from the person's winnings at the rate of tax~~ 4624
~~of the municipal corporation in which the video lottery terminal~~ 4625
~~facility is located.~~ The lottery sales agent shall issue, to a 4626
person from whose prize award an amount has been deducted or 4627
withheld, a receipt for the amount deducted and withheld, and also 4628
shall obtain from the person additional information that will be 4629
necessary for the lottery sales agent to prepare the returns 4630
required by this section. 4631

(C) Amounts deducted and withheld by a lottery sales agent 4632
are held in trust for the benefit of the state ~~and municipal~~ 4633
~~corporations, as applicable.~~ 4634

(1) On or before the tenth day of each month, the lottery 4635
sales agent shall file a return electronically with the tax 4636
commissioner ~~and the tax administrator of the municipal~~ 4637
~~corporation, as applicable,~~ identifying the persons from whose 4638
prize awards amounts were deducted and withheld, the amount of 4639

each such deduction and withholding during the preceding month, 4640
the amount of the prize award from which each such amount was 4641
withheld, and any other information required by the commissioner 4642
~~and the tax administrator of the municipal corporation, as~~ 4643
~~applicable.~~ With the return, the lottery sales agent shall remit 4644
electronically to the commissioner ~~and the tax administrator of~~ 4645
~~the municipal corporation, as applicable,~~ all the amounts deducted 4646
and withheld during the preceding month. 4647

(2) A lottery sales agent shall maintain a record of all 4648
receipts issued under division (B) of this section and shall make 4649
those records available to the commissioner ~~and the tax~~ 4650
~~administrator of the municipal corporation, as applicable,~~ upon 4651
request. Such records shall be maintained in accordance with 4652
section 5747.17 of the Revised Code and any rules adopted pursuant 4653
thereto. 4654

(3) Annually, on or before the thirty-first day of January, a 4655
lottery sales agent shall file an annual return electronically 4656
with the tax commissioner ~~and the tax administrator of the~~ 4657
~~municipal corporation, as applicable,~~ indicating the total amount 4658
deducted and withheld during the preceding calendar year. The 4659
lottery sales agent shall remit electronically with the annual 4660
return any amount that was deducted and withheld and that was not 4661
previously remitted. If the identity of a person and the amount 4662
deducted and withheld with respect to that person were omitted on 4663
a monthly return, that information shall be indicated on the 4664
annual return. 4665

(4)(a) A lottery sales agent who fails to file a return and 4666
remit the amounts deducted and withheld is personally liable for 4667
the amount deducted and withheld and not remitted. The 4668
commissioner ~~and the tax administrator of the municipal~~ 4669
~~corporation, as applicable,~~ may impose a penalty of up to one 4670
thousand dollars if a return is filed late, if amounts deducted 4671

and withheld are remitted late, if a return is not filed, or if 4672
amounts deducted and withheld are not remitted. Interest accrues 4673
on past due amounts deducted and withheld at the rate prescribed 4674
in section 5703.47 of the Revised Code. The commissioner ~~and the~~ 4675
~~tax administrator of the municipal corporation, as applicable,~~ may 4676
collect past due amounts deducted and withheld and penalties and 4677
interest thereon by assessment under section 5747.13 of the 4678
Revised Code as if they were income taxes collected by an 4679
employer. 4680

(b) If a lottery sales agent ceases to operate video lottery 4681
terminals, the amounts deducted and withheld and any penalties and 4682
interest thereon are immediately due and payable. A successor of 4683
the lottery sales agent that purchases the video lottery terminals 4684
from the agent shall withhold an amount of the purchase money that 4685
is sufficient to cover the amounts deducted and withheld and 4686
penalties and interest thereon until the predecessor lottery sales 4687
agent produces either a receipt from the tax commissioner ~~and the~~ 4688
~~tax administrator of the municipal corporation, as applicable,~~ 4689
showing that the amounts deducted and withheld and penalties and 4690
interest thereon have been paid or a certificate from the 4691
commissioner ~~and the tax administrator of the municipal~~ 4692
~~corporation, as applicable,~~ indicating that no amounts deducted 4693
and withheld or penalties and interest thereon are due. If the 4694
successor fails to withhold purchase money, the successor is 4695
personally liable for payment of the amounts deducted and withheld 4696
and penalties and interest thereon, up to the amount of the 4697
purchase money. 4698

(D)(1) Annually, on or before the thirty-first day of 4699
January, a lottery sales agent shall issue an information return 4700
to each person with respect to whom an amount has been deducted 4701
and withheld during the preceding calendar year. The information 4702
return shall show the total amount deducted from the person's 4703

prize award by the lottery sales agent during the preceding year. 4704

(2) Annually, on or before the thirty-first day of January, a 4705
lottery sales agent shall provide to the tax commissioner ~~and the~~ 4706
~~tax administrator of the municipal corporation, as applicable,~~ a 4707
copy of each information return issued under division (D)(1) of 4708
this section for the preceding calendar year. The commissioner ~~and~~ 4709
~~the tax administrator of the municipal corporation, as applicable,~~ 4710
may require that such copies be transmitted electronically. 4711

(E) Amounts deducted and withheld shall be allowed as a 4712
credit against payment of the tax imposed by section 5747.02 of 4713
the Revised Code and shall be treated as taxes paid for purposes 4714
of section 5747.09 of the Revised Code. This division applies only 4715
to the person for whom the amount is deducted and withheld. 4716

(F) The failure of a lottery sales agent to deduct and 4717
withhold the required amount from a person's prize award does not 4718
relieve the person from liability for the tax imposed by section 4719
5747.02 of the Revised Code with respect to that income. 4720
Compliance with this section does not relieve a lottery sales 4721
agent or a person who has a prize award from compliance with 4722
relevant provisions of federal tax laws. 4723

(G) The commissioner ~~and the tax administrator of the~~ 4724
~~municipal corporation, as applicable,~~ shall prescribe the form of 4725
the receipt and returns required by this section and ~~the~~ 4726
~~commissioner~~ may promulgate any rules necessary to administer the 4727
section. 4728

Sec. 5747.50. (A) As used in this section: 4729

(1) "County's proportionate share of the calendar year 2007 4730
LGF and LGRAF distributions" means the percentage computed for the 4731
county under division (B)(1)(a) of section 5747.501 of the Revised 4732
Code. 4733

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

(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" 4765
means the total amount available for distribution from the local 4766
government fund during the current month less the total amount 4767
available for distribution to municipal corporations during the 4768
current month under division (C) of this section. 4769

(B) On or before the tenth day of each month, the tax 4770
commissioner shall provide for payment to each county an amount 4771
equal to the sum of: 4772

(1) The county's proportionate share of the calendar year 4773
2007 LGF and LGRAF distributions multiplied by the 2007 LGF and 4774
LGRAF county distribution base available in that month, provided 4775
that if the 2007 LGF and LGRAF county distribution base available 4776
in that month is zero, no payment shall be made under division 4777
(B)(1) of this section for the month or the remainder of the 4778
calendar year; and 4779

(2) The county's proportionate share of the total amount of 4780
the local government fund additional revenue formula multiplied by 4781
the local government fund additional revenue distribution base 4782
available during that month. 4783

Money received into the treasury of a county under this 4784
division shall be credited to the undivided local government fund 4785
in the treasury of the county on or before the fifteenth day of 4786
each month. On or before the twentieth day of each month, the 4787
county auditor shall issue warrants against all of the undivided 4788
local government fund in the county treasury in the respective 4789
amounts allowed as provided in section 5747.51 of the Revised 4790
Code, and the treasurer shall distribute and pay such sums to the 4791
subdivision therein. 4792

(C)(1) As used in division (C) of this section: 4793

(a) "Total amount available for distribution to 4794
municipalities during the current month" means the product 4795

obtained by multiplying the total amount available for 4796
distribution from the local government fund during the current 4797
month by the aggregate municipal share. 4798

(b) "Aggregate municipal share" means the quotient obtained 4799
by dividing the total amount distributed directly from the local 4800
government fund to municipal corporations during calendar year 4801
2007 by the total distributions from the local government fund and 4802
local government revenue assistance fund during calendar year 4803
2007. 4804

(2) On or before the tenth day of each month, the tax 4805
commissioner shall provide for payment from the local government 4806
fund to each municipal corporation an amount equal to the product 4807
derived by multiplying the municipal corporation's percentage of 4808
the total amount distributed to all such municipal corporations 4809
under this division during calendar year 2007 by the total amount 4810
available for distribution to municipal corporations during the 4811
current month. 4812

(3) Payments received by a municipal corporation under this 4813
division shall be paid into its general fund and may be used for 4814
any lawful purpose. 4815

(4) The amount distributed to municipal corporations under 4816
this division during any calendar year shall not exceed the amount 4817
distributed directly from the local government fund to municipal 4818
corporations during calendar year 2007. If that maximum amount is 4819
reached during any month, distributions to municipal corporations 4820
in that month shall be as provided in divisions (C)(1) and (2) of 4821
this section, but no further distributions shall be made to 4822
municipal corporations under division (C) of this section during 4823
the remainder of the calendar year. 4824

(5) Upon being informed of a municipal corporation's 4825
dissolution, the tax commissioner shall cease providing for 4826

payments to that municipal corporation under division (C) of this 4827
section. The proportionate shares of the total amount available 4828
for distribution to each of the remaining municipal corporations 4829
under this division shall be increased on a pro rata basis. 4830

(D) Each municipal corporation which has in effect a tax 4831
imposed under Chapter 718. of the Revised Code shall, no later 4832
than the thirty-first day of August of each year, certify to the 4833
tax commissioner, on a form prescribed by the commissioner, the 4834
total amount of income ~~taxes~~ tax revenue collected and refunded by 4835
such municipal corporation pursuant to such chapter during the 4836
preceding calendar year, arranged, when possible, by the type of 4837
income from which the revenue was collected or the refund was 4838
issued. The municipal corporation shall also report the amount of 4839
income tax revenue collected and refunded on behalf of a joint 4840
economic development district or a joint economic development zone 4841
that levies an income tax administered by the municipal 4842
corporation and the amount of such revenue distributed to 4843
contracting parties during the preceding calendar year. The tax 4844
commissioner may withhold payment of local government fund moneys 4845
pursuant to division (C) of this section from any municipal 4846
corporation for failure to comply with this reporting requirement. 4847

Sec. 5749.06. (A)(1) Each severer liable for the tax imposed 4848
by section 5749.02 of the Revised Code and each severer or owner 4849
liable for the amounts due under section 1509.50 of the Revised 4850
Code shall make and file returns with the tax commissioner in the 4851
prescribed form and as of the prescribed times, computing and 4852
reflecting therein the tax as required by this chapter and amounts 4853
due under section 1509.50 of the Revised Code. 4854

(2) The returns shall be filed for every quarterly period, 4855
which periods shall end on the thirty-first day of March, the 4856
thirtieth day of June, the thirtieth day of September, and the 4857

thirty-first day of December of each year, as required by this 4858
section, unless a different return period is prescribed for a 4859
taxpayer by the commissioner. 4860

(B)(1) A separate return shall be filed for each calendar 4861
quarterly period, or other period, or any part thereof, during 4862
which the severer holds a license as provided by section 5749.04 4863
of the Revised Code, or is required to hold the license, or during 4864
which an owner is required to file a return. The return shall be 4865
filed within forty-five days after the last day of each such 4866
calendar month, or other period, or any part thereof, for which 4867
the return is required. The tax due is payable along with the 4868
return. All such returns shall contain such information as the 4869
commissioner may require to fairly administer the tax. 4870

(2) All returns shall be signed by the severer or owner, as 4871
applicable, shall contain the full and complete information 4872
requested, and shall be made under penalty of perjury. 4873

(C) If the commissioner believes that quarterly payments of 4874
tax would result in a delay that might jeopardize the collection 4875
of such tax payments, the commissioner may order that such 4876
payments be made weekly, or more frequently if necessary, such 4877
payments to be made not later than seven days following the close 4878
of the period for which the jeopardy payment is required. Such an 4879
order shall be delivered to the taxpayer personally or by 4880
certified mail and shall remain in effect until the commissioner 4881
notifies the taxpayer to the contrary. 4882

(D) Upon good cause the commissioner may extend for thirty 4883
days the period for filing any notice or return required to be 4884
filed under this section, and may remit all or a part of penalties 4885
that may become due under this chapter. 4886

(E) Any tax and any amount due under section 1509.50 of the 4887
Revised Code not paid by the day the tax or amount is due shall 4888

bear interest computed at the rate per annum prescribed by section 4889
5703.47 of the Revised Code on that amount due from the day that 4890
the amount was originally required to be paid to the day of actual 4891
payment or to the day an assessment was issued under section 4892
5749.07 or 5749.10 of the Revised Code, whichever occurs first. 4893

(F) A severer or owner, as applicable, that fails to file a 4894
complete return or pay the full amount due under this chapter 4895
within the time prescribed, including any extensions of time 4896
granted by the commissioner, shall be subject to a penalty not to 4897
exceed the greater of fifty dollars or ten per cent of the amount 4898
due for the period. 4899

(G)(1) A severer or owner, as applicable, shall remit 4900
payments electronically and, if required by the commissioner, file 4901
each return electronically. The commissioner may require that the 4902
severer or owner use the Ohio business gateway, as defined in 4903
section ~~718.051~~ 718.01 of the Revised Code, or another electronic 4904
means to file returns and remit payments electronically. 4905

(2) A severer or owner that is required to remit payments 4906
electronically under this section may apply to the commissioner, 4907
in the manner prescribed by the commissioner, to be excused from 4908
that requirement. The commissioner may excuse a severer or owner 4909
from the requirements of division (G) of this section for good 4910
cause. 4911

(3) If a severer or owner that is required to remit payments 4912
or file returns electronically under this section fails to do so, 4913
the commissioner may impose a penalty on the severer or owner not 4914
to exceed the following: 4915

(a) For the first or second payment or return the severer or 4916
owner fails to remit or file electronically, the greater of five 4917
per cent of the amount of the payment that was required to be 4918
remitted or twenty-five dollars; 4919

(b) For every payment or return after the second that the
severer or owner fails to remit or file electronically, the
greater of ten per cent of the amount of the payment that was
required to be remitted or fifty dollars.

(H)(1) All amounts that the commissioner receives under this
section shall be deemed to be revenue from taxes imposed under
this chapter or from the amount due under section 1509.50 of the
Revised Code, as applicable, and shall be deposited in the
severance tax receipts fund, which is hereby created in the state
treasury.

(2) The director of budget and management shall transfer from
the severance tax receipts fund to the tax refund fund amounts
equal to the refunds certified by the commissioner under section
5749.08 of the Revised Code. Any amount transferred under division
(H)(2) of this section shall be derived from receipts of the same
tax or other amount from which the refund arose.

(3) After the director of budget and management makes any
transfer required by division (H)(2) of this section, but not
later than the fifteenth day of the month following the end of
each calendar quarter, the commissioner shall certify to the
director the total amount remaining in the severance tax receipts
fund organized according to the amount attributable to each
natural resource and according to the amount attributable to a tax
imposed by this chapter and the amounts due under section 1509.50
of the Revised Code.

(I) Penalties imposed under this section are in addition to
any other penalty imposed under this chapter and shall be
considered as revenue arising from the tax levied under this
chapter or the amount due under section 1509.50 of the Revised
Code, as applicable. The commissioner may collect any penalty or
interest imposed under this section in the same manner as provided
for the making of an assessment in section 5749.07 of the Revised

Code. The commissioner may abate all or a portion of such interest 4952
or penalties and may adopt rules governing such abatements. 4953

Sec. 5751.07. (A) Any person required to file returns under 4954
this chapter shall remit each tax payment, and, if required by the 4955
tax commissioner, file the tax return or the annual report, 4956
electronically. The commissioner may require taxpayers to use the 4957
Ohio business gateway as defined in section ~~718.051~~ 718.01 of the 4958
Revised Code to file returns and remit the tax, or may provide 4959
another means for taxpayers to file and remit the tax 4960
electronically. 4961

(B) A person required by this section to remit taxes or file 4962
returns electronically may apply to the tax commissioner, on the 4963
form prescribed by the commissioner, to be excused from that 4964
requirement. The commissioner may excuse a person from the 4965
requirements of this division for good cause. 4966

(C)(1) If a person required to remit taxes or file a return 4967
electronically under this section fails to do so, the commissioner 4968
may impose a penalty not to exceed the following: 4969

(a) For either of the first two tax periods the person so 4970
fails, the greater of twenty-five dollars or five per cent of the 4971
amount of the payment that was required to be remitted; 4972

(b) For the third and any subsequent tax periods the person 4973
so fails, the greater of fifty dollars or ten per cent of the 4974
amount of the payment that was required to be remitted. 4975

(2) The penalty imposed under division (C)(1) of this section 4976
is in addition to any other penalty imposed under this chapter and 4977
shall be considered as revenue arising from the tax imposed under 4978
this chapter. A penalty may be collected by assessment in the 4979
manner prescribed by section 5751.09 of the Revised Code. The tax 4980
commissioner may abate all or a portion of such a penalty. 4981

(D) The tax commissioner may adopt rules necessary to 4982
administer this section. 4983

Section 2. That existing sections 128.46, 709.023, 715.013, 4984
718.02, 718.03, 718.04, 718.051, 718.07, 718.09, 718.10, 718.11, 4985
718.121, 718.13, 5703.02, 5703.059, 5703.57, 5717.011, 5717.03, 4986
5726.03, 5736.04, 5739.12, 5739.124, 5741.122, 5747.063, 5747.064, 4987
5747.50, 5749.06, and 5751.07 and sections 718.01, 718.011, 4988
718.041, 718.05, 718.06, 718.08, 718.12, and 718.14 of the Revised 4989
Code are hereby repealed. 4990

Section 3. This act applies to municipal taxable years 4991
beginning on or after January 1, 2016. For municipal taxable years 4992
beginning before January 1, 2016, tax administrators may continue 4993
to administer, audit, and enforce the income tax of a municipal 4994
corporation under Chapter 718. and ordinances and resolutions of 4995
the municipal corporation as that chapter and those ordinances and 4996
resolutions existed before January 1, 2016. 4997

Section 4. (A) There is hereby created the Municipal Income 4998
Tax Net Operating Loss Review Committee for the purpose of 4999
evaluating and quantifying the potential fiscal impact to 5000
municipal corporations levying an income tax requiring such 5001
municipal corporations to allow taxpayers to carry forward net 5002
operating losses for five years. The Committee is a public body 5003
for the purposes of section 121.22 of the Revised Code. 5004

(B) The Committee shall be composed of the following members: 5005

(1) Two members of the House of Representatives who are not 5006
of the same political party, appointed by the Speaker of the House 5007
of Representatives; 5008

(2) Two members of the Senate who are not of the same 5009
political party, appointed by the President of the Senate; 5010

(3) Three members representing municipal income taxpayers, 5011
appointed by the Speaker of the House of Representatives; 5012

(4) Three members representing municipal corporations that 5013
levy an income tax in calendar year 2016, appointed by the 5014
President of the Senate. At least two of the members appointed 5015
under division (B)(4) of this section shall represent municipal 5016
corporations that do not allow taxpayers to carry forward net 5017
operating losses to future taxable years. 5018

(5) One member appointed by the Governor, who shall serve as 5019
the chairperson of the Committee. 5020

The appointing authorities shall appoint members of the 5021
Committee not later than March 1, 2015. An appointed member shall 5022
serve until the member resigns or is removed by the member's 5023
appointing authority. Vacancies shall be filled in the same manner 5024
as original appointments. A vacancy on the committee does not 5025
impair the right of the other members to exercise all the 5026
functions of the Committee. 5027

The Committee shall meet for the first time on or before May 5028
31, 2015. Thereafter, the Committee shall meet at the call of the 5029
chairperson. The presence of a majority of the members of the 5030
Committee constitutes a quorum for the conduct of business of the 5031
Committee. The concurrence of at least a majority of the members 5032
of the Committee is necessary to approve the report issued by the 5033
Committee under division (E) of this section. Members of the 5034
Committee shall not be compensated or reimbursed for members' 5035
expenses. 5036

(C) On or before November 30, 2015, the Committee shall 5037
prescribe a method that municipal corporations shall use to 5038
estimate the difference between the municipal corporation's actual 5039
or projected municipal income tax revenue in 2012, 2013, 2014, 5040
2015, 2016, 2017, and 2018 and the actual or projected municipal 5041

income tax revenue that would have resulted in each of those years 5042
if the municipal corporation allowed net operating loss to be 5043
carried forward for five years for losses incurred in 2011, 2012, 5044
and 2013. 5045

(D) On or before September 30, 2016, each municipal 5046
corporation that levies an income tax in 2011, 2012, or 2013 shall 5047
report to the Municipal Income Tax Net Operating Loss Review 5048
Committee the difference between the municipal corporation's 5049
actual or projected municipal income tax revenue in 2012, 2013, 5050
2014, 2015, 2016, 2017, and 2018 and the actual or projected 5051
municipal income tax revenue that would have resulted in each of 5052
those years if the municipal corporation allowed net operating 5053
loss to be carried forward for five years for losses incurred in 5054
2011, 2012, and 2013, as estimated by the method prescribed by the 5055
Committee under division (C) of this section. 5056

(E) If the Municipal Income Tax Net Operating Loss Review 5057
Committee receives reports from a representative sample, then the 5058
Committee shall review the information reported by municipal 5059
corporations under division (D) of this section and calculate the 5060
total of the revenue effects reported by such municipal 5061
corporations. On or before May 1, 2017, the Committee shall issue 5062
a written report to the Speaker and Minority Leader of the House 5063
of Representatives and the President and Minority Leader of the 5064
Senate reporting the Committee's findings and estimated revenue 5065
impact of requiring municipal corporations levying an income tax 5066
to allow net operating loss to be carried forward for five years. 5067
The report shall contain recommendations to address revenue 5068
shortfalls, which may include, but which shall not be limited to, 5069
the use of supplemental funds from the Local Government Fund to 5070
mitigate those shortfalls. 5071

(F) Nothing in this section delays or otherwise affects the 5072
taxable years to which division (E)(8) of section 718.01 of the 5073

Revised Code, as enacted by this act, apply as prescribed in that 5074
division. 5075

(G) The Municipal Income Tax Net Operating Loss Review 5076
Committee shall cease to exist on May 1, 2017. 5077

(H) As used in this section, "representative sample" includes 5078
at least three cities with a population of more than two hundred 5079
fifty thousand, five cities or villages with a higher ratio of 5080
business taxpayers to resident individual taxpayers relative to 5081
the state average, and five cities or villages with a higher ratio 5082
of resident individual taxpayers to business taxpayers relative to 5083
the state average. 5084

Section 5. (A) There is hereby created the Municipal Income 5085
Tax Revenue Reporting Study Committee. The Committee shall study 5086
the feasibility of requiring municipal corporations to separately 5087
report the portion of the municipal corporation's income tax 5088
revenue that is derived from taxes paid by resident individuals 5089
and the portion of such revenue that is derived from taxes paid by 5090
nonresident individuals. The Committee is a public body for the 5091
purposes of section 121.22 of the Revised Code. 5092

(B) The Committee shall be composed of the following members: 5093

(1) Three members of the Senate, two of whom shall be 5094
appointed by the President of the Senate and one of whom shall be 5095
appointed by the Minority Leader of the Senate; 5096

(2) Three members of the House of Representatives, two of 5097
whom shall be appointed by the Speaker of the House of 5098
Representatives and one of whom shall be appointed by the Minority 5099
Leader of the House of Representatives; 5100

(3) Six members representing business interests or municipal 5101
corporations that levy an income tax, two of whom shall be 5102
appointed by the President of the Senate, two of whom shall be 5103

appointed by the Speaker of the House of Representatives, one of 5104
whom shall be appointed by the Minority Leader of the Senate, and 5105
one of whom shall be appointed by the Minority Leader of the House 5106
of Representatives. 5107

The appointments shall be made within thirty days after the 5108
effective date of this section. An appointed member shall serve 5109
until the member resigns or is removed by the member's appointing 5110
authority. Vacancies shall be filled in the same manner as 5111
original appointments. 5112

Members of the Committee shall not be compensated or 5113
reimbursed for members' expenses. 5114

(C) The Committee shall study the costs and benefits of, and 5115
challenges involved in, requiring that municipal corporations 5116
separately report the portion of the municipal corporation's 5117
income tax revenue that is derived from taxes paid by resident 5118
individuals and the portion of such revenue that is derived from 5119
taxes paid by nonresident individuals. On or before May 1, 2015, 5120
the Committee shall issue a report of its findings and 5121
recommendations with respect to the reporting requirement. The 5122
Committee shall provide copies of the report to the Governor, the 5123
President and Minority Leader of the Senate, and the Speaker and 5124
Minority Leader of the House of Representatives. 5125

(D) The Committee shall cease to exist on May 1, 2015. 5126

(E) It is the intent of the General Assembly to provide 5127
transparency with regards to the source of municipal income tax 5128
receipts beginning on and after January 1, 2015, but not to impose 5129
a significant burden upon municipal corporations. 5130

Section 6. Section 6 of Article XIII, Ohio Constitution, 5131
grants the General Assembly authority to restrict the power of 5132
municipal corporations to levy taxes so as to prevent the abuse of 5133
such power. Section 13 of Article XVIII, Ohio Constitution, also 5134

authorizes the General Assembly to limit the power of municipal 5135
corporations to levy taxes. In order to ensure a fair, stable, and 5136
efficient system of local taxation, and to prevent any abuse of 5137
power by municipal corporations, the General Assembly hereby 5138
exercises its authority under those Articles to restrict the 5139
taxing powers of municipal corporations by requiring that any 5140
income tax or withholding tax levied by a municipal corporation 5141
must be levied in accordance with this act and any provisions of 5142
Chapter 718. of the Revised Code that remain unchanged by this 5143
act. No municipal corporation is required, as a result of this 5144
act, to modify, reenact, or repeal any ordinance or resolution 5145
that levies an income tax and that was in effect prior to January 5146
1, 2016, except to the extent that the ordinance or resolution 5147
conflicts with the provisions of this act. 5148