

As Introduced

**131st General Assembly
Regular Session
2015-2016**

S. B. No. 198

Senator Jordan

A BILL

To amend sections 709.023, 718.01, 718.02, 718.03, 1
718.04, 718.05, and 718.16 and to repeal 2
sections 718.011 and 718.50 of the Revised Code 3
to prohibit municipal corporations from levying 4
an income tax on nonresidents' compensation for 5
personal services or on net profits from a sole 6
proprietorship owned by a nonresident. 7

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

Section 1. That sections 709.023, 718.01, 718.02, 718.03, 8
718.04, 718.05, and 718.16 of the Revised Code be amended to 9
read as follows: 10

Sec. 709.023. (A) A petition filed under section 709.021 11
of the Revised Code that requests to follow this section is for 12
the special procedure of annexing land into a municipal 13
corporation when, subject to division (H) of this section, the 14
land also is not to be excluded from the township under section 15
503.07 of the Revised Code. The owners who sign this petition by 16
their signature expressly waive their right to appeal in law or 17
equity from the board of county commissioners' entry of any 18
resolution under this section, waive any rights they may have to 19

sue on any issue relating to a municipal corporation requiring a 20
buffer as provided in this section, and waive any rights to seek 21
a variance that would relieve or exempt them from that buffer 22
requirement. 23

The petition circulated to collect signatures for the 24
special procedure in this section shall contain in boldface 25
capital letters immediately above the heading of the place for 26
signatures on each part of the petition the following: "WHOEVER 27
SIGNS THIS PETITION EXPRESSLY WAIVES THEIR RIGHT TO APPEAL IN 28
LAW OR EQUITY FROM THE BOARD OF COUNTY COMMISSIONERS' ENTRY OF 29
ANY RESOLUTION PERTAINING TO THIS SPECIAL ANNEXATION PROCEDURE, 30
ALTHOUGH A WRIT OF MANDAMUS MAY BE SOUGHT TO COMPEL THE BOARD TO 31
PERFORM ITS DUTIES REQUIRED BY LAW FOR THIS SPECIAL ANNEXATION 32
PROCEDURE." 33

(B) Upon the filing of the petition in the office of the 34
clerk of the board of county commissioners, the clerk shall 35
cause the petition to be entered upon the board's journal at its 36
next regular session. This entry shall be the first official act 37
of the board on the petition. Within five days after the filing 38
of the petition, the agent for the petitioners shall notify in 39
the manner and form specified in this division the clerk of the 40
legislative authority of the municipal corporation to which 41
annexation is proposed, the fiscal officer of each township any 42
portion of which is included within the territory proposed for 43
annexation, the clerk of the board of county commissioners of 44
each county in which the territory proposed for annexation is 45
located other than the county in which the petition is filed, 46
and the owners of property adjacent to the territory proposed 47
for annexation or adjacent to a road that is adjacent to that 48
territory and located directly across that road from that 49
territory. The notice shall refer to the time and date when the 50

petition was filed and the county in which it was filed and 51
shall have attached or shall be accompanied by a copy of the 52
petition and any attachments or documents accompanying the 53
petition as filed. 54

Notice to a property owner is sufficient if sent by 55
regular United States mail to the tax mailing address listed on 56
the county auditor's records. Notice to the appropriate 57
government officer shall be given by certified mail, return 58
receipt requested, or by causing the notice to be personally 59
served on the officer, with proof of service by affidavit of the 60
person who delivered the notice. Proof of service of the notice 61
on each appropriate government officer shall be filed with the 62
board of county commissioners with which the petition was filed. 63

(C) Within twenty days after the date that the petition is 64
filed, the legislative authority of the municipal corporation to 65
which annexation is proposed shall adopt an ordinance or 66
resolution stating what services the municipal corporation will 67
provide, and an approximate date by which it will provide them, 68
to the territory proposed for annexation, upon annexation. The 69
municipal corporation is entitled in its sole discretion to 70
provide to the territory proposed for annexation, upon 71
annexation, services in addition to the services described in 72
that ordinance or resolution. 73

If the territory proposed for annexation is subject to 74
zoning regulations adopted under either Chapter 303. or 519. of 75
the Revised Code at the time the petition is filed, the 76
legislative authority of the municipal corporation also shall 77
adopt an ordinance or resolution stating that, if the territory 78
is annexed and becomes subject to zoning by the municipal 79
corporation and that municipal zoning permits uses in the 80

annexed territory that the municipal corporation determines are 81
clearly incompatible with the uses permitted under current 82
county or township zoning regulations in the adjacent land 83
remaining within the township from which the territory was 84
annexed, the legislative authority of the municipal corporation 85
will require, in the zoning ordinance permitting the 86
incompatible uses, the owner of the annexed territory to provide 87
a buffer separating the use of the annexed territory and the 88
adjacent land remaining within the township. For the purposes of 89
this section, "buffer" includes open space, landscaping, fences, 90
walls, and other structured elements; streets and street rights- 91
of-way; and bicycle and pedestrian paths and sidewalks. 92

The clerk of the legislative authority of the municipal 93
corporation to which annexation is proposed shall file the 94
ordinances or resolutions adopted under this division with the 95
board of county commissioners within twenty days following the 96
date that the petition is filed. The board shall make these 97
ordinances or resolutions available for public inspection. 98

(D) Within twenty-five days after the date that the 99
petition is filed, the legislative authority of the municipal 100
corporation to which annexation is proposed and each township 101
any portion of which is included within the territory proposed 102
for annexation may adopt and file with the board of county 103
commissioners an ordinance or resolution consenting or objecting 104
to the proposed annexation. An objection to the proposed 105
annexation shall be based solely upon the petition's failure to 106
meet the conditions specified in division (E) of this section. 107

If the municipal corporation and each of those townships 108
timely files an ordinance or resolution consenting to the 109
proposed annexation, the board at its next regular session shall 110

enter upon its journal a resolution granting the proposed 111
annexation. If, instead, the municipal corporation or any of 112
those townships files an ordinance or resolution that objects to 113
the proposed annexation, the board of county commissioners shall 114
proceed as provided in division (E) of this section. Failure of 115
the municipal corporation or any of those townships to timely 116
file an ordinance or resolution consenting or objecting to the 117
proposed annexation shall be deemed to constitute consent by 118
that municipal corporation or township to the proposed 119
annexation. 120

(E) Unless the petition is granted under division (D) of 121
this section, not less than thirty or more than forty-five days 122
after the date that the petition is filed, the board of county 123
commissioners shall review it to determine if each of the 124
following conditions has been met: 125

(1) The petition meets all the requirements set forth in, 126
and was filed in the manner provided in, section 709.021 of the 127
Revised Code. 128

(2) The persons who signed the petition are owners of the 129
real estate located in the territory proposed for annexation and 130
constitute all of the owners of real estate in that territory. 131

(3) The territory proposed for annexation does not exceed 132
five hundred acres. 133

(4) The territory proposed for annexation shares a 134
contiguous boundary with the municipal corporation to which 135
annexation is proposed for a continuous length of at least five 136
per cent of the perimeter of the territory proposed for 137
annexation. 138

(5) The annexation will not create an unincorporated area 139

of the township that is completely surrounded by the territory 140
proposed for annexation. 141

(6) The municipal corporation to which annexation is 142
proposed has agreed to provide to the territory proposed for 143
annexation the services specified in the relevant ordinance or 144
resolution adopted under division (C) of this section. 145

(7) If a street or highway will be divided or segmented by 146
the boundary line between the township and the municipal 147
corporation as to create a road maintenance problem, the 148
municipal corporation to which annexation is proposed has agreed 149
as a condition of the annexation to assume the maintenance of 150
that street or highway or to otherwise correct the problem. As 151
used in this section, "street" or "highway" has the same meaning 152
as in section 4511.01 of the Revised Code. 153

(F) Not less than thirty or more than forty-five days 154
after the date that the petition is filed, if the petition is 155
not granted under division (D) of this section, the board of 156
county commissioners, if it finds that each of the conditions 157
specified in division (E) of this section has been met, shall 158
enter upon its journal a resolution granting the annexation. If 159
the board of county commissioners finds that one or more of the 160
conditions specified in division (E) of this section have not 161
been met, it shall enter upon its journal a resolution that 162
states which of those conditions the board finds have not been 163
met and that denies the petition. 164

(G) If a petition is granted under division (D) or (F) of 165
this section, the clerk of the board of county commissioners 166
shall proceed as provided in division (C)(1) of section 709.033 167
of the Revised Code, except that no recording or hearing 168
exhibits would be involved. There is no appeal in law or equity 169

from the board's entry of any resolution under this section, but 170
any party may seek a writ of mandamus to compel the board of 171
county commissioners to perform its duties under this section. 172

(H) Notwithstanding anything to the contrary in section 173
503.07 of the Revised Code, unless otherwise provided in an 174
annexation agreement entered into pursuant to section 709.192 of 175
the Revised Code or in a cooperative economic development 176
agreement entered into pursuant to section 701.07 of the Revised 177
Code, territory annexed into a municipal corporation pursuant to 178
this section shall not at any time be excluded from the township 179
under section 503.07 of the Revised Code and, thus, remains 180
subject to the township's real property taxes. 181

(I) Any owner of land that remains within a township and 182
that is adjacent to territory annexed pursuant to this section 183
who is directly affected by the failure of the annexing 184
municipal corporation to enforce compliance with any zoning 185
ordinance it adopts under division (C) of this section requiring 186
the owner of the annexed territory to provide a buffer zone, may 187
commence in the court of common pleas a civil action against 188
that owner to enforce compliance with that buffer requirement 189
whenever the required buffer is not in place before any 190
development of the annexed territory begins. 191

~~(J) Division (C) (18) of section 718.01 of the Revised Code 192
applies to the compensation paid to persons performing personal 193
services for a political subdivision on property owned by the 194
political subdivision after that property is annexed to a 195
municipal corporation under this section. 196~~

Sec. 718.01. Any term used in this chapter that is not 197
otherwise defined in this chapter has the same meaning as when 198
used in a comparable context in laws of the United States 199

relating to federal income taxation or in Title LVII of the Revised Code, unless a different meaning is clearly required. If a term used in this chapter that is not otherwise defined in this chapter is used in a comparable context in both the laws of the United States relating to federal income tax and in Title LVII of the Revised Code and the use is not consistent, then the use of the term in the laws of the United States relating to federal income tax shall control over the use of the term in Title LVII of the Revised Code.

As used in this chapter:

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

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

(b) (i) For an individual who is a resident of a municipal corporation other than a qualified municipal corporation, income reduced by exempt income to the extent otherwise included in income, then reduced as provided in division (A) (2) of this section, and further reduced by any pre-2017 net operating loss carryforward available to the individual for the municipal corporation.

(ii) For an individual who is a resident of a qualified municipal corporation, Ohio adjusted gross income reduced by income exempted, and increased by deductions excluded, by the qualified municipal corporation from the qualified municipal corporation's tax on or before December 31, 2013. ~~If a qualified~~

~~municipal corporation, on or before December 31, 2013, exempts
income earned by individuals who are not residents of the
qualified municipal corporation and net profit of persons that
are not wholly located within the qualified municipal
corporation, such individual or person shall have no municipal
taxable income for the purposes of the tax levied by the
qualified municipal corporation and may be exempted by the
qualified municipal corporation from the requirements of section
718.03 of the Revised Code.~~

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

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

(B) "Income" means the following:	260
(1) (a) For residents <u>individuals</u> , all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the resident <u>individual</u> , including the resident's <u>individual's</u> distributive share of the net profit of pass-through entities owned directly or indirectly by the resident <u>individual</u> and any net profit of the resident <u>individual</u> .	261 262 263 264 265 266 267
(b) For the purposes of division (B) (1) (a) of this section:	268 269
(i) Any net operating loss of the resident <u>individual</u> incurred in the taxable year and the resident's <u>individual's</u> distributive share of any net operating loss generated in the same taxable year and attributable to the resident's <u>individual's</u> ownership interest in a pass-through entity shall be allowed as a deduction, for that taxable year and the following five taxable years, against any other net profit of the resident <u>individual</u> or the resident's <u>individual's</u> distributive share of any net profit attributable to the resident's <u>individual's</u> ownership interest in a pass-through entity until fully utilized, subject to division (B) (1) (d) of this section;	270 271 272 273 274 275 276 277 278 279 280 281
(ii) The resident's <u>individual's</u> distributive share of the net profit of each pass-through entity owned directly or indirectly by the resident <u>individual</u> shall be calculated without regard to any net operating loss that is carried forward by that entity from a prior taxable year and applied to reduce the entity's net profit for the current taxable year.	282 283 284 285 286 287
(c) Division (B) (1) (b) of this section does not apply with	288

respect to any net profit or net operating loss attributable to 289
an ownership interest in an S corporation unless shareholders' 290
distributive shares of net profits from S corporations are 291
subject to tax in the municipal corporation as provided in 292
division (C) (14) (b) or (c) of this section. 293

(d) Any amount of a net operating loss used to reduce a 294
taxpayer's net profit for a taxable year shall reduce the amount 295
of net operating loss that may be carried forward to any 296
subsequent year for use by that taxpayer. In no event shall the 297
cumulative deductions for all taxable years with respect to a 298
taxpayer's net operating loss exceed the original amount of that 299
net operating loss available to that taxpayer. 300

~~(2) In the case of nonresidents, all income, salaries, 301
qualifying wages, commissions, and other compensation from 302
whatever source earned or received by the nonresident for work- 303
done, services performed or rendered, or activities conducted in 304
the municipal corporation, including any net profit of the 305
nonresident, but excluding the nonresident's distributive share 306
of the net profit or loss of only pass-through entities owned 307
directly or indirectly by the nonresident. 308~~

~~(3) For taxpayers that are not individuals, net profit of 309
the taxpayer; 310~~

~~(4) (3) Lottery, sweepstakes, gambling and sports 311
winnings, winnings from games of chance, and prizes and awards. 312
If the taxpayer is a professional gambler for federal income tax 313
purposes, the taxpayer may deduct related wagering losses and 314
expenses to the extent authorized under the Internal Revenue 315
Code and claimed against such winnings. 316~~

(C) "Exempt income" means all of the following: 317

(1) The military pay or allowances of members of the armed forces of the United States or members of their reserve components, including the national guard of any state;	318 319 320
(2) (a) Except as provided in division (C) (2) (b) of this section, intangible income;	321 322
(b) A municipal corporation that taxed any type of intangible income on March 29, 1988, pursuant to Section 3 of S.B. 238 of the 116th general assembly, may continue to tax that type of income if a majority of the electors of the municipal corporation voting on the question of whether to permit the taxation of that type of intangible income after 1988 voted in favor thereof at an election held on November 8, 1988.	323 324 325 326 327 328 329
(3) Social security benefits, railroad retirement benefits, unemployment compensation, pensions, retirement benefit payments, payments from annuities, and similar payments made to an employee or to the beneficiary of an employee under a retirement program or plan, disability payments received from private industry or local, state, or federal governments or from charitable, religious or educational organizations, and the proceeds of sickness, accident, or liability insurance policies. As used in division (C) (3) of this section, "unemployment compensation" does not include supplemental unemployment compensation described in section 3402(o) (2) of the Internal Revenue Code.	330 331 332 333 334 335 336 337 338 339 340 341
(4) The income of religious, fraternal, charitable, scientific, literary, or educational institutions to the extent such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property, or tax-exempt activities.	342 343 344 345
(5) Compensation paid under section 3501.28 or 3501.36 of	346

the Revised Code to a person serving as a precinct election 347
official to the extent that such compensation does not exceed 348
one thousand dollars for the taxable year. Such compensation in 349
excess of one thousand dollars for the taxable year may be 350
subject to taxation by a municipal corporation. A municipal 351
corporation shall not require the payer of such compensation to 352
withhold any tax from that compensation. 353

(6) Dues, contributions, and similar payments received by 354
charitable, religious, educational, or literary organizations or 355
labor unions, lodges, and similar organizations; 356

(7) Alimony and child support received; 357

(8) Compensation for personal injuries or for damages to 358
property from insurance proceeds or otherwise, excluding 359
compensation paid for lost salaries or wages or compensation 360
from punitive damages; 361

(9) Income of a public utility when that public utility is 362
subject to the tax levied under section 5727.24 or 5727.30 of 363
the Revised Code. Division (C) (9) of this section does not apply 364
for purposes of Chapter 5745. of the Revised Code. 365

(10) Gains from involuntary conversions, interest on 366
federal obligations, items of income subject to a tax levied by 367
the state and that a municipal corporation is specifically 368
prohibited by law from taxing, and income of a decedent's estate 369
during the period of administration except such income from the 370
operation of a trade or business; 371

(11) Compensation or allowances excluded from federal 372
gross income under section 107 of the Internal Revenue Code; 373

(12) Employee compensation that is not qualifying wages as 374
defined in division (R) of this section; 375

(13) (a) Compensation for personal services paid to a 376
person employed within the boundaries of a United States air- 377
force base under the jurisdiction of the United States air force- 378
that is used for the housing of members of the United States air- 379
force and is a center for air force operations, unless the 380
person is subject to taxation because of residence or domicile. 381
If the compensation is subject to taxation because of residence- 382
or domicile, tax on such income shall be payable only to the 383
municipal corporation of residence or domicile nonresident 384
individual; 385

(b) The net profit received by a nonresident individual 386
from a business or profession operated as a sole proprietorship. 387

(14) (a) Except as provided in division (C) (14) (b) or (c) 388
of this section, an S corporation shareholder's distributive 389
share of net profits of the S corporation, other than any part 390
of the distributive share of net profits that represents wages 391
as defined in section 3121(a) of the Internal Revenue Code or 392
net earnings from self-employment as defined in section 1402(a) 393
of the Internal Revenue Code. 394

(b) If, pursuant to division (H) of former section 718.01 395
of the Revised Code as it existed before March 11, 2004, a 396
majority of the electors of a municipal corporation voted in 397
favor of the question at an election held on November 4, 2003, 398
the municipal corporation may continue after 2002 to tax an S 399
corporation shareholder's distributive share of net profits of 400
an S corporation. 401

(c) If, on December 6, 2002, a municipal corporation was 402
imposing, assessing, and collecting a tax on an S corporation 403
shareholder's distributive share of net profits of the S 404
corporation to the extent the distributive share would be 405

allocated or apportioned to this state under divisions (B) (1) 406
and (2) of section 5733.05 of the Revised Code if the S 407
corporation were a corporation subject to taxes imposed under 408
Chapter 5733. of the Revised Code, the municipal corporation may 409
continue to impose the tax on such distributive shares to the 410
extent such shares would be so allocated or apportioned to this 411
state only until December 31, 2004, unless a majority of the 412
electors of the municipal corporation voting on the question of 413
continuing to tax such shares after that date voted in favor of 414
that question at an election held November 2, 2004. If a 415
majority of those electors voted in favor of the question, the 416
municipal corporation may continue after December 31, 2004, to 417
impose the tax on such distributive shares only to the extent 418
such shares would be so allocated or apportioned to this state. 419

(d) A municipal corporation shall be deemed to have 420
elected to tax S corporation shareholders' distributive shares 421
of net profits of the S corporation in the hands of the 422
shareholders if a majority of the electors of a municipal 423
corporation voted in favor of a question at an election held 424
under division (C) (14) (b) or (c) of this section. The municipal 425
corporation shall specify by resolution or ordinance that the 426
tax applies to the distributive share of a shareholder of an S 427
corporation in the hands of the shareholder of the S 428
corporation. 429

(15) To the extent authorized under a resolution or 430
ordinance adopted by a municipal corporation before January 1, 431
2016, all or a portion of the income of individuals or a class 432
of individuals under eighteen years of age. 433

~~(16) (a) Except as provided in divisions (C) (16) (b), (c), 434
and (d) of this section, qualifying wages described in division 435~~

~~(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.~~

~~(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.~~

~~(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.~~

~~(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:~~

~~(i) For qualifying wages described in division (B) (1) of section 718.011 of the Revised Code, the employee's employer withholds and remits tax on the qualifying wages to the municipal corporation in which the employee's principal place of work is situated, or, for qualifying wages described in division (E) of section 718.011 of the Revised Code, the employee's employer withholds and remits tax on the qualifying wages to the municipal corporation in which the employer's fixed location is located;~~

~~(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.~~

~~(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.~~ 465
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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:~~ 467
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~~(i) The individual's base of operation is located in the municipal corporation.~~ 470
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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.~~ 472
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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 where the individual is domiciled.~~ 480
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~~(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.~~ 485
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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~~ 490
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~~performing services for the subdivision under a contract with~~ 494
~~the subdivision, if the property on which services are performed~~ 495
~~is annexed to a municipal corporation pursuant to section~~ 496
~~709.023 of the Revised Code on or after March 27, 2013, unless~~ 497
~~the person is subject to such taxation because of residence. If~~ 498
~~the compensation is subject to taxation because of residence,~~ 499
~~municipal income tax shall be payable only to the municipal~~ 500
~~corporation of residence.~~ 501

~~(19)~~ Income the taxation of which is prohibited by the 502
constitution or laws of the United States. 503

Any item of income that is exempt income of a pass-through 504
entity under division (C) of this section is exempt income of 505
each owner of the pass-through entity to the extent of that 506
owner's distributive or proportionate share of that item of the 507
entity's income. 508

(D) (1) "Net profit" for a person other than an individual 509
means adjusted federal taxable income. 510

(2) "Net profit" for a person who is an individual means 511
the individual's net profit required to be reported on schedule 512
C, schedule E, or schedule F reduced by any net operating loss 513
carried forward. For the purposes of division (D) (2) of this 514
section, the net operating loss carried forward shall be 515
calculated and deducted in the same manner as provided in 516
division (E) (8) of this section. 517

(3) For the purposes of this chapter, and notwithstanding 518
division (D) (1) of this section, net profit of a disregarded 519
entity shall not be taxable as against that disregarded entity, 520
but shall instead be included in the net profit of the owner of 521
the disregarded entity. 522

(E) "Adjusted federal taxable income," for a person 523
required to file as a C corporation means a C corporation's 524
federal taxable income before net operating losses and special 525
deductions as determined under the Internal Revenue Code, 526
adjusted as follows: 527

(1) Deduct intangible income to the extent included in 528
federal taxable income. The deduction shall be allowed 529
regardless of whether the intangible income relates to assets 530
used in a trade or business or assets held for the production of 531
income. 532

(2) Add an amount equal to five per cent of intangible 533
income deducted under division (E)(1) of this section, but 534
excluding that portion of intangible income directly related to 535
the sale, exchange, or other disposition of property described 536
in section 1221 of the Internal Revenue Code; 537

(3) Add any losses allowed as a deduction in the 538
computation of federal taxable income if the losses directly 539
relate to the sale, exchange, or other disposition of an asset 540
described in section 1221 or 1231 of the Internal Revenue Code; 541

(4) (a) Except as provided in division (E)(4)(b) of this 542
section, deduct income and gain included in federal taxable 543
income to the extent the income and gain directly relate to the 544
sale, exchange, or other disposition of an asset described in 545
section 1221 or 1231 of the Internal Revenue Code; 546

(b) Division (E)(4)(a) of this section does not apply to 547
the extent the income or gain is income or gain described in 548
section 1245 or 1250 of the Internal Revenue Code. 549

(5) Add taxes on or measured by net income allowed as a 550
deduction in the computation of federal taxable income; 551

(6) In the case of a real estate investment trust or 552
regulated investment company, add all amounts with respect to 553
dividends to, distributions to, or amounts set aside for or 554
credited to the benefit of investors and allowed as a deduction 555
in the computation of federal taxable income; 556

(7) Deduct, to the extent not otherwise deducted or 557
excluded in computing federal taxable income, any income derived 558
from a transfer agreement or from the enterprise transferred 559
under that agreement under section 4313.02 of the Revised Code; 560

(8) (a) Except as limited by divisions (E) (8) (b), (c), and 561
(d) of this section, deduct any net operating loss incurred by 562
the person in a taxable year beginning on or after January 1, 563
2017. 564

The amount of such net operating loss shall be deducted 565
from net profit that is reduced by exempt income to the extent 566
necessary to reduce municipal taxable income to zero, with any 567
remaining unused portion of the net operating loss carried 568
forward to not more than five consecutive taxable years 569
following the taxable year in which the loss was incurred, but 570
in no case for more years than necessary for the deduction to be 571
fully utilized. 572

(b) No person shall use the deduction allowed by division 573
(E) (8) of this section to offset qualifying wages. 574

(c) (i) For taxable years beginning in 2018, 2019, 2020, 575
2021, or 2022, a person may not deduct, for purposes of an 576
income tax levied by a municipal corporation that levies an 577
income tax before January 1, 2016, more than fifty per cent of 578
the amount of the deduction otherwise allowed by division (E) (8) 579
(a) of this section. 580

(ii) For taxable years beginning in 2023 or thereafter, a person may deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, the full amount allowed by division (E) (8) (a) of this section.

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

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

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

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

If the taxpayer is not a C corporation, is not a disregarded entity, and is not an individual, the taxpayer shall compute adjusted federal taxable income under this section as if the taxpayer were a C corporation, except guaranteed payments

and other similar amounts paid or accrued to a partner, former partner, shareholder, former shareholder, member, or former member shall not be allowed as a deductible expense unless such payments are in consideration for the use of capital and treated as payment of interest under section 469 of the Internal Revenue Code or United States treasury regulations. Amounts paid or accrued to a qualified self-employed retirement plan with respect to a partner, former partner, shareholder, former shareholder, member, or former member of the taxpayer, amounts paid or accrued to or for health insurance for a partner, former partner, shareholder, former shareholder, member, or former member, and amounts paid or accrued to or for life insurance for a partner, former partner, shareholder, former shareholder, member, or former member shall not be allowed as a deduction.

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

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

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

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

(I) "Internal Revenue Code" has the same meaning as in

section 5747.01 of the Revised Code. 639

(J) "Resident" means an individual who is domiciled in the 640
municipal corporation as determined under section 718.012 of the 641
Revised Code. 642

(K) "Nonresident" means an individual that is not a 643
resident. 644

(L) (1) "Taxpayer" means a person subject to a tax levied 645
on income by a municipal corporation in accordance with this 646
chapter. "Taxpayer" does not include a grantor trust or, except 647
as provided in division (L) (2) (a) of this section, a disregarded 648
entity. 649

(2) (a) A single member limited liability company that is a 650
disregarded entity for federal tax purposes may be a separate 651
taxpayer from its single member in all Ohio municipal 652
corporations in which it either filed as a separate taxpayer or 653
did not file for its taxable year ending in 2003, if all of the 654
following conditions are met: 655

(i) The limited liability company's single member is also 656
a limited liability company. 657

(ii) The limited liability company and its single member 658
were formed and doing business in one or more Ohio municipal 659
corporations for at least five years before January 1, 2004. 660

(iii) Not later than December 31, 2004, the limited 661
liability company and its single member each made an election to 662
be treated as a separate taxpayer under division (L) of this 663
section as this section existed on December 31, 2004. 664

(iv) The limited liability company was not formed for the 665
purpose of evading or reducing Ohio municipal corporation income 666

tax liability of the limited liability company or its single member. 667
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(v) The Ohio municipal corporation that was the primary place of business of the sole member of the limited liability company consented to the election. 669
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(b) For purposes of division (L) (2) (a) (v) of this section, a municipal corporation was the primary place of business of a limited liability company if, for the limited liability company's taxable year ending in 2003, its income tax liability was greater in that municipal corporation than in any other municipal corporation in Ohio, and that tax liability to that municipal corporation for its taxable year ending in 2003 was at least four hundred thousand dollars. 672
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(M) "Person" includes individuals, firms, companies, joint stock companies, business trusts, estates, trusts, partnerships, limited liability partnerships, limited liability companies, associations, C corporations, S corporations, governmental entities, and any other entity. 680
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(N) "Pass-through entity" means a partnership not treated as an association taxable as a C corporation for federal income tax purposes, a limited liability company not treated as an association taxable as a C corporation for federal income tax purposes, an S corporation, or any other class of entity from which the income or profits of the entity are given pass-through treatment for federal income tax purposes. "Pass-through entity" does not include a trust, estate, grantor of a grantor trust, or disregarded entity. 685
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(O) "S corporation" means a person that has made an election under subchapter S of Chapter 1 of Subtitle A of the 694
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Internal Revenue Code for its taxable year. 696

(P) "Single member limited liability company" means a 697
limited liability company that has one direct member. 698

(Q) "Limited liability company" means a limited liability 699
company formed under Chapter 1705. of the Revised Code or under 700
the laws of another state. 701

(R) "Qualifying wages" means wages, as defined in section 702
3121(a) of the Internal Revenue Code, without regard to any wage 703
limitations, adjusted as follows: 704

(1) Deduct the following amounts: 705

(a) Any amount included in wages if the amount constitutes 706
compensation attributable to a plan or program described in 707
section 125 of the Internal Revenue Code. 708

(b) Any amount included in wages if the amount constitutes 709
payment on account of a disability related to sickness or an 710
accident paid by a party unrelated to the employer, agent of an 711
employer, or other payer. 712

(c) Any amount attributable to a nonqualified deferred 713
compensation plan or program described in section 3121(v) (2) (C) 714
of the Internal Revenue Code if the compensation is included in 715
wages and the municipal corporation has, by resolution or 716
ordinance adopted before January 1, 2016, exempted the amount 717
from withholding and tax. 718

(d) Any amount included in wages if the amount arises from 719
the sale, exchange, or other disposition of a stock option, the 720
exercise of a stock option, or the sale, exchange, or other 721
disposition of stock purchased under a stock option and the 722
municipal corporation has, by resolution or ordinance adopted 723

before January 1, 2016, exempted the amount from withholding and tax. 724
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(e) Any amount included in wages that is exempt income. 726

(2) Add the following amounts: 727

(a) Any amount not included in wages solely because the employee was employed by the employer before April 1, 1986. 728
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(b) Any amount not included in wages because the amount arises from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option and the municipal corporation has not, by resolution or ordinance, exempted the amount from withholding and tax adopted before January 1, 2016. Division (R) (2) (b) of this section applies only to those amounts constituting ordinary income. 730
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(c) Any amount not included in wages if the amount is an amount described in section 401(k), 403(b), or 457 of the Internal Revenue Code. Division (R) (2) (c) of this section applies only to employee contributions and employee deferrals. 738
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(d) Any amount that is supplemental unemployment compensation benefits described in section 3402(o) (2) of the Internal Revenue Code and not included in wages. 742
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(e) Any amount received that is treated as self-employment income for federal tax purposes in accordance with section 1402(a) (8) of the Internal Revenue Code. 745
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(f) Any amount not included in wages if all of the following apply: 748
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(i) For the taxable year the amount is employee compensation that is included in the taxpayer's gross income for 750
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federal income tax purposes; 752

(ii) For no preceding taxable year did the amount 753
constitute wages as defined in section 3121(a) of the Internal 754
Revenue Code; 755

(iii) For no succeeding taxable year will the amount 756
constitute wages; and 757

(iv) For any taxable year the amount has not otherwise 758
been added to wages pursuant to either division (R) (2) of this 759
section or section 718.03 of the Revised Code, as that section 760
existed before the effective date of H.B. 5 of the 130th general 761
assembly, March 23, 2015. 762

(S) "Intangible income" means income of any of the 763
following types: income yield, interest, capital gains, 764
dividends, or other income arising from the ownership, sale, 765
exchange, or other disposition of intangible property including, 766
but not limited to, investments, deposits, money, or credits as 767
those terms are defined in Chapter 5701. of the Revised Code, 768
and patents, copyrights, trademarks, tradenames, investments in 769
real estate investment trusts, investments in regulated 770
investment companies, and appreciation on deferred compensation. 771
"Intangible income" does not include prizes, awards, or other 772
income associated with any lottery winnings, gambling winnings, 773
or other similar games of chance. 774

(T) "Taxable year" means the corresponding tax reporting 775
period as prescribed for the taxpayer under the Internal Revenue 776
Code. 777

(U) "Tax administrator" means the individual charged with 778
direct responsibility for administration of an income tax levied 779
by a municipal corporation in accordance with this chapter, and 780

also includes the following: 781

(1) A municipal corporation acting as the agent of another 782
municipal corporation; 783

(2) A person retained by a municipal corporation to 784
administer a tax levied by the municipal corporation, but only 785
if the municipal corporation does not compensate the person in 786
whole or in part on a contingency basis; 787

(3) The central collection agency or the regional income 788
tax agency or their successors in interest, or another entity 789
organized to perform functions similar to those performed by the 790
central collection agency and the regional income tax agency. 791

(V) "Employer" means a person that is an employer for 792
federal income tax purposes. 793

(W) "Employee" means an individual who is an employee for 794
federal income tax purposes. 795

(X) "Other payer" means any person, other than an 796
individual's employer or the employer's agent, that pays an 797
individual any amount included in the federal gross income of 798
the individual. "Other payer" includes casino operators and 799
video lottery terminal sales agents. 800

(Y) "Calendar quarter" means the three-month period ending 801
on the last day of March, June, September, or December. 802

(Z) "Form 2106" means internal revenue service form 2106 803
filed by a taxpayer pursuant to the Internal Revenue Code. 804

(AA) "Municipal corporation" ~~includes~~ does not include a 805
joint economic development district or joint economic 806
development zone that levies an income tax under section 807
715.691, 715.70, 715.71, or 715.74 of the Revised Code. 808

(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.

(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.

(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.

(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.

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

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

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

(II) "Video lottery terminal" has the same meaning as in

section 3770.21 of the Revised Code. 838

(JJ) "Video lottery terminal sales agent" means a lottery 839
sales agent licensed under Chapter 3770. of the Revised Code to 840
conduct video lottery terminals on behalf of the state pursuant 841
to section 3770.21 of the Revised Code. 842

(KK) "Postal service" means the United States postal 843
service. 844

(LL) "Certified mail," "express mail," "United States 845
mail," "postal service," and similar terms include any delivery 846
service authorized pursuant to section 5703.056 of the Revised 847
Code. 848

(MM) "Postmark date," "date of postmark," and similar 849
terms include the date recorded and marked in the manner 850
described in division (B) (3) of section 5703.056 of the Revised 851
Code. 852

(NN) "Related member" means a person that, with respect to 853
the taxpayer during all or any portion of the taxable year, is 854
either a related entity, a component member as defined in 855
section 1563(b) of the Internal Revenue Code, or a person to or 856
from whom there is attribution of stock ownership in accordance 857
with section 1563(e) of the Internal Revenue Code except, for 858
purposes of determining whether a person is a related member 859
under this division, "twenty per cent" shall be substituted for 860
"5 percent" wherever "5 percent" appears in section 1563(e) of 861
the Internal Revenue Code. 862

(OO) "Related entity" means any of the following: 863

(1) An individual stockholder, or a member of the 864
stockholder's family enumerated in section 318 of the Internal 865
Revenue Code, if the stockholder and the members of the 866

stockholder's family own directly, indirectly, beneficially, or 867
constructively, in the aggregate, at least fifty per cent of the 868
value of the taxpayer's outstanding stock; 869

(2) A stockholder, or a stockholder's partnership, estate, 870
trust, or corporation, if the stockholder and the stockholder's 871
partnerships, estates, trusts, or corporations own directly, 872
indirectly, beneficially, or constructively, in the aggregate, 873
at least fifty per cent of the value of the taxpayer's 874
outstanding stock; 875

(3) A corporation, or a party related to the corporation 876
in a manner that would require an attribution of stock from the 877
corporation to the party or from the party to the corporation 878
under division (00) (4) of this section, provided the taxpayer 879
owns directly, indirectly, beneficially, or constructively, at 880
least fifty per cent of the value of the corporation's 881
outstanding stock; 882

(4) The attribution rules described in section 318 of the 883
Internal Revenue Code apply for the purpose of determining 884
whether the ownership requirements in divisions (00) (1) to (3) 885
of this section have been met. 886

(PP) (1) "Assessment" means a written finding by the tax 887
administrator that a person has underpaid municipal income tax, 888
or owes penalty and interest, or any combination of tax, 889
penalty, or interest, to the municipal corporation that 890
commences the person's time limitation for making an appeal to 891
the local board of tax review pursuant to section 718.11 of the 892
Revised Code, and has "ASSESSMENT" written in all capital 893
letters at the top of such finding. 894

(2) "Assessment" does not include an informal notice 895

denying a request for refund issued under division (B)(3) of 896
section 718.19 of the Revised Code, a billing statement 897
notifying a taxpayer of current or past-due balances owed to the 898
municipal corporation, a tax administrator's request for 899
additional information, a notification to the taxpayer of 900
mathematical errors, or a tax administrator's other written 901
correspondence to a person or taxpayer that does meet the 902
criteria prescribed by division (PP)(1) of this section. 903

(QQ) "Taxpayers' rights and responsibilities" means the 904
rights provided to taxpayers in sections 718.11, 718.12, 718.19, 905
718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the 906
Revised Code and the responsibilities of taxpayers to file, 907
report, withhold, remit, and pay municipal income tax and 908
otherwise comply with Chapter 718. of the Revised Code and 909
resolutions, ordinances, and rules adopted by a municipal 910
corporation for the imposition and administration of a municipal 911
income tax. 912

(RR) "Qualified municipal corporation" means a municipal 913
corporation that, by resolution or ordinance adopted on or 914
before December 31, 2011, adopted Ohio adjusted gross income, as 915
defined by section 5747.01 of the Revised Code, as the income 916
subject to tax for the purposes of imposing a municipal income 917
tax. 918

(SS) (1) "Pre-2017 net operating loss carryforward" means 919
any net operating loss incurred in a taxable year beginning 920
before January 1, 2017, to the extent such loss was permitted, 921
by a resolution or ordinance of the municipal corporation that 922
was adopted by the municipal corporation before January 1, 2016, 923
to be carried forward and utilized to offset income or net 924
profit generated in such municipal corporation in future taxable 925

years. 926

(2) For the purpose of calculating municipal taxable 927
income, any pre-2017 net operating loss carryforward may be 928
carried forward to any taxable year, including taxable years 929
beginning in 2017 or thereafter, for the number of taxable years 930
provided in the resolution or ordinance or until fully utilized, 931
whichever is earlier. 932

(TT) "Small employer" means any employer that had total 933
revenue of less than five hundred thousand dollars during the 934
preceding taxable year. For purposes of this division, "total 935
revenue" means receipts of any type or kind, including, but not 936
limited to, sales receipts; payments; rents; profits; gains, 937
dividends, and other investment income; compensation; 938
commissions; premiums; money; property; grants; contributions; 939
donations; gifts; program service revenue; patient service 940
revenue; premiums; fees, including premium fees and service 941
fees; tuition payments; unrelated business revenue; 942
reimbursements; any type of payment from a governmental unit, 943
including grants and other allocations; and any other similar 944
receipts reported for federal income tax purposes or under 945
generally accepted accounting principles. "Small employer" does 946
not include the federal government; any state government, 947
including any state agency or instrumentality; any political 948
subdivision; or any entity treated as a government for financial 949
accounting and reporting purposes. 950

(UU) "Audit" means the examination of a person or the 951
inspection of the books, records, memoranda, or accounts of a 952
person for the purpose of determining liability for a municipal 953
income tax. 954

Sec. 718.02. This section applies to the net profit of any 955

taxpayer engaged in a business or profession in a municipal corporation that imposes an income tax in accordance with this chapter, unless the ~~taxpayer is an individual who resides in the municipal corporation~~ net profit arises from a business or profession operated as a sole proprietorship or the taxpayer is an electric company, combined company, or telephone company that is subject to and required to file reports under Chapter 5745. of the Revised Code.

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

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

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

(2) Wages, salaries, and other compensation paid during the taxable period to individuals employed in the business or profession for services performed in the municipal corporation to wages, salaries, and other compensation paid during the same period to individuals employed in the business or profession,

wherever the individual's services are performed, ~~excluding~~ 986
~~compensation from which taxes are not required to be withheld~~ 987
~~under section 718.011 of the Revised Code;~~ 988

(3) Total gross receipts of the business or profession 989
from sales and rentals made and services performed during the 990
taxable period in the municipal corporation to total gross 991
receipts of the business or profession during the same period 992
from sales, rentals, and services, wherever made or performed. 993

(B) (1) If the apportionment factors described in division 994
(A) of this section do not fairly represent the extent of a 995
taxpayer's business activity in a municipal corporation, the 996
taxpayer may request, or the tax administrator of the municipal 997
corporation may require, that the taxpayer use, with respect to 998
all or any portion of the income of the taxpayer, an alternative 999
apportionment method involving one or more of the following: 1000

(a) Separate accounting; 1001

(b) The exclusion of one or more of the factors; 1002

(c) The inclusion of one or more additional factors that 1003
would provide for a more fair apportionment of the income of the 1004
taxpayer to the municipal corporation; 1005

(d) A modification of one or more of the factors. 1006

(2) A taxpayer request to use an alternative apportionment 1007
method shall be in writing and shall accompany a tax return, 1008
timely filed appeal of an assessment, or timely filed amended 1009
tax return. The taxpayer may use the requested alternative 1010
method unless the tax administrator denies the request in an 1011
assessment issued within the period prescribed by division (A) 1012
of section 718.12 of the Revised Code. 1013

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

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

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

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

(a) The employer;

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

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

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

(3) Any other location, if the tax administrator 1043
determines that the employer directed the employee to perform 1044
the services at the other location in lieu of a location 1045
described in division (C) (1) or (2) of this section solely in 1046
order to avoid or reduce the employer's municipal income tax 1047
liability. If a tax administrator makes such a determination, 1048
the employer may dispute the determination by establishing, by a 1049
preponderance of the evidence, that the tax administrator's 1050
determination was unreasonable. 1051

(D) For the purposes of division (A) (3) of this section, 1052
receipts from sales and rentals made and services performed 1053
shall be situated to a municipal corporation as follows: 1054

(1) Gross receipts from the sale of tangible personal 1055
property shall be situated to the municipal corporation in which 1056
the sale originated. For the purposes of this division, a sale 1057
of property originates in a municipal corporation if, regardless 1058
of where title passes, the property meets any of the following 1059
criteria: 1060

(a) The property is shipped to or delivered within the 1061
municipal corporation from a stock of goods located within the 1062
municipal corporation. 1063

(b) The property is delivered within the municipal 1064
corporation from a location outside the municipal corporation, 1065
provided the taxpayer is regularly engaged through its own 1066
employees in the solicitation or promotion of sales within such 1067
municipal corporation and the sales result from such 1068
solicitation or promotion. 1069

(c) The property is shipped from a place within the 1070
municipal corporation to purchasers outside the municipal 1071

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.

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

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

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

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

~~(E) The net profit received by an individual taxpayer from the rental 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.~~

~~A municipal corporation shall allow such taxpayers to elect to use separate accounting for the purpose of calculating net profit situated 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 1101
situated to the municipal corporation in which the real estate is 1102
located. Net profit reported by the real estate agent or broker 1103
shall be allocated to a municipal corporation based upon the 1104
ratio of the commissions the agent or broker received from the 1105
sale, purchase, or lease of real estate located in the municipal 1106
corporation to the commissions received from the sale, purchase, 1107
or lease of real estate everywhere in the taxable year. 1108~~

~~(2) An individual who is a resident of a municipal 1109
corporation that imposes a municipal income tax shall report the 1110
individual's net profit from all real estate activity on the 1111
individual's annual tax return for that municipal corporation. 1112
The individual may claim a credit for taxes the individual paid 1113
on such net profit to another municipal corporation to the 1114
extent that such a credit is allowed under the municipal income 1115
tax ordinance, or rules of the municipal corporation of 1116
residence. 1117~~

~~(G) If, in computing a taxpayer's adjusted federal taxable 1118
income, the taxpayer deducted any amount with respect to a stock 1119
option granted to an employee, and if the employee is not 1120
required to include in the employee's income any such amount or 1121
a portion thereof because it is exempted from taxation under 1122
divisions (C) (12) and (R) (1) (d) of section 718.01 of the Revised 1123
Code by a municipal corporation to which the taxpayer has 1124
apportioned a portion of its net profit, the taxpayer shall add 1125
the amount that is exempt from taxation to the taxpayer's net 1126
profit that was apportioned to that municipal corporation. In no 1127
case shall a taxpayer be required to add to its net profit that 1128
was apportioned to that municipal corporation any amount other 1129
than the amount upon which the employee would be required to pay 1130
tax were the amount related to the stock option not exempted 1131~~

from taxation. 1132

This division applies solely for the purpose of making an 1133
adjustment to the amount of a taxpayer's net profit that was 1134
apportioned to a municipal corporation under this section. 1135

~~(H)~~ (F) When calculating the ratios described in division 1136
(A) of this section for the purposes of that division or 1137
division (B) of this section, the owner of a disregarded entity 1138
shall include in the owner's ratios the property, payroll, and 1139
gross receipts of such disregarded entity. 1140

Sec. 718.03. (A) ~~(1)~~ Each employer, agent of an employer, 1141
or other payer located or doing business in a municipal 1142
corporation that imposes a tax on income in accordance with this 1143
chapter shall withhold from each employee an amount equal to the 1144
qualifying wages of the employee ~~earned by the employee in the~~ 1145
~~municipal corporation~~ multiplied by the applicable income tax 1146
rate of the ~~municipal corporation's income tax, except for~~ 1147
~~qualifying wages for which withholding is not required under~~ 1148
~~section 718.011 of the Revised Code or division (D) or (F) of~~ 1149
~~this section~~ corporation in which the employee resides. An 1150
employer, agent of an employer, or other payer shall deduct and 1151
withhold the tax from qualifying wages on the date that the 1152
employer, agent, or other payer directly, indirectly, or 1153
constructively pays the qualifying wages to, or credits the 1154
qualifying wages to the benefit of, the employee. 1155

~~(2) In addition to withholding the amounts required under~~ 1156
~~division (A) (1) of this section, an employer, agent of an~~ 1157
~~employer, or other payer may also deduct and withhold, on the~~ 1158
~~request of an employee, taxes for the municipal corporation in~~ 1159
~~which the employee is a resident.~~ 1160

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

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

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

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

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

(a) Remit taxes deducted and withheld semimonthly to the

tax administrator if the total taxes deducted and withheld or 1190
required to be deducted and withheld on behalf of the municipal 1191
corporation in the preceding calendar year exceeded eleven 1192
thousand nine hundred ninety-nine dollars, or if the total 1193
amount of taxes deducted and withheld or required to be deducted 1194
and withheld on behalf of the municipal corporation in any month 1195
of the preceding calendar year exceeded one thousand dollars. 1196
The payment under division (B) (2) (a) of this section shall be 1197
made so that the payment is received by the tax administrator 1198
not later than one of the following: 1199

(i) If the taxes were deducted and withheld or required to 1200
be deducted and withheld during the first fifteen days of a 1201
month, the third banking day after the fifteenth day of that 1202
month; 1203

(ii) If the taxes were deducted and withheld or required 1204
to be deducted and withheld after the fifteenth day of a month 1205
and before the first day of the immediately following month, the 1206
third banking day after the last day of that month. 1207

(b) Make payment by electronic funds transfer to the tax 1208
administrator of all taxes deducted and withheld on behalf of 1209
the municipal corporation if the employer, agent of an employer, 1210
or other payer is required to make payments electronically for 1211
the purpose of paying federal taxes withheld on payments to 1212
employees under section 6302 of the Internal Revenue Code, 26 1213
C.F.R. 31.6302-1, or any other federal statute or regulation. 1214
The payment of tax by electronic funds transfer under this 1215
division does not affect an employer's, agent's, or other 1216
payer's obligation to file any return as required under this 1217
section. 1218

(C) An employer, agent of an employer, or other payer 1219

shall make and file a return showing the amount of tax withheld 1220
by the employer, agent, or other payer from the qualifying wages 1221
of each employee and remitted to the tax administrator. Unless 1222
the tax administrator requires all individual taxpayers to file 1223
a tax return under section 718.05 of the Revised Code, a return 1224
filed by an employer, agent, or other payer under this division 1225
shall be accepted by a tax administrator and municipal 1226
corporation as the return required of an employee whose sole 1227
income subject to the tax under this chapter is the qualifying 1228
wages reported by the employee's employer, agent of an employer, 1229
or other payer. 1230

(D) An employer, agent of an employer, or other payer is 1231
not required to withhold municipal income tax with respect to an 1232
individual's disqualifying disposition of an incentive stock 1233
option if, at the time of the disqualifying disposition, the 1234
individual is not an employee of either the corporation with 1235
respect to whose stock the option has been issued or of such 1236
corporation's successor entity. 1237

(E) (1) An employee is not relieved from liability for a 1238
tax by the failure of the employer, agent of an employer, or 1239
other payer to withhold the tax as required under this chapter 1240
or by the employer's, agent's, or other payer's exemption from 1241
the requirement to withhold the tax. 1242

(2) The failure of an employer, agent of an employer, or 1243
other payer to remit to the municipal corporation the tax 1244
withheld relieves the employee from liability for that tax 1245
unless the employee colluded with the employer, agent, or other 1246
payer in connection with the failure to remit the tax withheld. 1247

(F) Compensation deferred before June 26, 2003, is not 1248
subject to any municipal corporation income tax or municipal 1249

income tax withholding requirement to the extent the deferred 1250
compensation does not constitute qualifying wages at the time 1251
the deferred compensation is paid or distributed. 1252

(G) Each employer, agent of an employer, or other payer 1253
required to withhold taxes is liable for the payment of that 1254
amount required to be withheld, whether or not such taxes have 1255
been withheld, and such amount shall be deemed to be held in 1256
trust for the municipal corporation until such time as the 1257
withheld amount is remitted to the tax administrator. 1258

(H) On or before the last day of February of each year, an 1259
employer shall file a withholding reconciliation return with the 1260
tax administrator listing the names, addresses, and social 1261
security numbers of all employees from whose qualifying wages 1262
tax was withheld or should have been withheld for the municipal 1263
corporation during the preceding calendar year, the amount of 1264
tax withheld, if any, from each such employee, the total amount 1265
of qualifying wages paid to such employee during the preceding 1266
calendar year, ~~the name of every other municipal corporation for~~ 1267
~~which tax was withheld or should have been withheld from such~~ 1268
~~employee during the preceding calendar year,~~ any other 1269
information required for federal income tax reporting purposes 1270
on Internal Revenue Service form W-2 or its equivalent form with 1271
respect to such employee, and other information as may be 1272
required by the tax administrator. 1273

(I) The officer or the employee of the employer, agent of 1274
an employer, or other payer with control or direct supervision 1275
of or charged with the responsibility for withholding the tax or 1276
filing the reports and making payments as required by this 1277
section, shall be personally liable for a failure to file a 1278
report or pay the tax due as required by this section. The 1279

dissolution of an employer, agent of an employer, or other payer 1280
does not discharge the officer's or employee's liability for a 1281
failure of the employer, agent of an employer, or other payer to 1282
file returns or pay any tax due. 1283

(J) An employer is required to deduct and withhold 1284
municipal income tax on tips and gratuities received by the 1285
employer's employees and constituting qualifying wages only to 1286
the extent that the tips and gratuities are under the employer's 1287
control. For the purposes of this division, a tip or gratuity is 1288
under the employer's control if the tip or gratuity is paid by 1289
the customer to the employer for subsequent remittance to the 1290
employee, or if the customer pays the tip or gratuity by credit 1291
card, debit card, or other electronic means. 1292

~~(K) A tax administrator shall consider any tax withheld by 1293
an employer at the request of an employee when such tax is not 1294
otherwise required to be withheld by this chapter to be tax 1295
required to be withheld and remitted for the purposes of this 1296
section. 1297~~

Sec. 718.04. (A) Notwithstanding division (A) of section 1298
715.013 of the Revised Code, a municipal corporation may levy a 1299
tax on income and a withholding tax if such taxes are levied in 1300
accordance with the provisions and limitations specified in this 1301
chapter. On or after January 1, 2016, the ordinance or 1302
resolution levying such taxes, as adopted or amended by the 1303
legislative authority of the municipal corporation, shall 1304
include all of the following: 1305

(1) A statement that the tax is an annual tax levied on 1306
the income of every person individual residing in ~~or earning or 1307
receiving~~ the municipal corporation and every person other than 1308
an individual that receives income in the municipal corporation 1309

and that the tax shall be measured by municipal taxable income; 1310

(2) A statement that the municipal corporation is levying 1311
the tax in accordance with the limitations specified in this 1312
chapter and that the resolution or ordinance thereby 1313
incorporates the provisions of this chapter; 1314

(3) The rate of the tax; 1315

(4) ~~Whether, and the extent to which, a credit, as~~ 1316
~~described in division (D) of this section, will be allowed~~ 1317
~~against the tax;~~ 1318

~~(5)~~The purpose or purposes of the tax; 1319

~~(6)~~(5) Any other provision necessary for the 1320
administration of the tax, provided that the provision does not 1321
conflict with any provision of this chapter. 1322

(B) Any municipal corporation that, on or before ~~the~~ 1323
~~effective date of the enactment of this section~~ March 23, 2015, 1324
levies an income tax at a rate in excess of one per cent may 1325
continue to levy the tax at the rate specified in the original 1326
ordinance or resolution, provided that such rate continues in 1327
effect as specified in the original ordinance or resolution. 1328

(C) (1) No municipal corporation shall tax income at other 1329
than a uniform rate. 1330

(2) Except as provided in division (B) of this section, no 1331
municipal corporation shall levy a tax on income at a rate in 1332
excess of one per cent without having obtained the approval of 1333
the excess by a majority of the electors of the municipality 1334
voting on the question at a general, primary, or special 1335
election. The legislative authority of the municipal corporation 1336
shall file with the board of elections at least ninety days 1337

before the day of the election a copy of the ordinance together 1338
with a resolution specifying the date the election is to be held 1339
and directing the board of elections to conduct the election. 1340
The ballot shall be in the following form: "Shall the Ordinance 1341
providing for a ... per cent levy on income for (Brief 1342
description of the purpose of the proposed levy) be passed? 1343

FOR THE INCOME TAX
AGAINST THE INCOME TAX

In the event of an affirmative vote, the proceeds of the levy 1344
may be used only for the specified purpose. 1345
1346

~~(D) A municipal corporation may, by ordinance or 1349
resolution, grant a credit to residents of the municipal 1350
corporation for all or a portion of the taxes paid to any 1351
municipal corporation, in this state or elsewhere, by the 1352
resident or by a pass through entity owned, directly or 1353
indirectly, by a resident, on the resident's distributive or 1354
proportionate share of the income of the pass-through entity. A 1355
municipal corporation is not required to refund taxes not paid 1356
to the municipal corporation. 1357~~

~~(E) Except as otherwise provided in this chapter, a 1358
municipal corporation that levies an income tax in effect for 1359
taxable years beginning before January 1, 2016, may continue to 1360
administer and enforce the provisions of such tax for all 1361
taxable years beginning before January 1, 2016, provided that 1362
the provisions of such tax are consistent with this chapter as 1363
it existed prior to the effective date of the enactment of this 1364
section March 23, 2015. 1365~~

~~(F)~~ (E) Nothing in this chapter authorizes a municipal 1366

corporation to levy a tax on income, or to administer or collect 1367
such a tax or penalties or interest related to such a tax, 1368
contrary to the provisions and limitations specified in this 1369
chapter. No municipal corporation shall enforce an ordinance or 1370
resolution that conflicts with the provisions of this chapter. 1371

Sec. 718.05. (A) An annual return with respect to the 1372
income tax levied by a municipal corporation shall be completed 1373
and filed by every taxpayer for any taxable year for which the 1374
taxpayer is liable for the tax. ~~If the total credit allowed~~ 1375
~~against the tax as described in division (D) of section 718.04~~ 1376
~~of the Revised Code for the year is equal to or exceeds the tax~~ 1377
~~imposed by the municipal corporation, no return shall be~~ 1378
~~required unless the municipal ordinance or resolution levying~~ 1379
~~the tax requires the filing of a return in such circumstances.~~ 1380

(B) If an individual is deceased, any return or notice 1381
required of that individual shall be completed and filed by that 1382
decedent's executor, administrator, or other person charged with 1383
the property of that decedent. 1384

(C) If an individual is unable to complete and file a 1385
return or notice required by a municipal corporation in 1386
accordance with this chapter, the return or notice required of 1387
that individual shall be completed and filed by the individual's 1388
duly authorized agent, guardian, conservator, fiduciary, or 1389
other person charged with the care of the person or property of 1390
that individual. 1391

(D) Returns or notices required of an estate or a trust 1392
shall be completed and filed by the fiduciary of the estate or 1393
trust. 1394

(E) No municipal corporation shall deny spouses the 1395

ability to file a joint return. 1396

(F) (1) Each return required to be filed under this section 1397
shall contain the signature of the taxpayer or the taxpayer's 1398
duly authorized agent and of the person who prepared the return 1399
for the taxpayer, and shall include the taxpayer's social 1400
security number or taxpayer identification number. Each return 1401
shall be verified by a declaration under penalty of perjury. 1402

(2) A tax administrator may require a taxpayer who is an 1403
individual to include, with each annual return, amended return, 1404
or request for refund required under this section, copies of 1405
only the following documents: all of the taxpayer's Internal 1406
Revenue Service form W-2, "Wage and Tax Statements," including 1407
all information reported on the taxpayer's federal W-2, as well 1408
as taxable wages reported or withheld for any municipal 1409
corporation; the taxpayer's Internal Revenue Service form 1040; 1410
and, with respect to an amended tax return or refund request, 1411
any other documentation necessary to support the refund request 1412
or the adjustments made in the amended return. An individual 1413
taxpayer who files the annual return required by this section 1414
electronically is not required to provide paper copies of any of 1415
the foregoing to the tax administrator unless the tax 1416
administrator requests such copies after the return has been 1417
filed. 1418

(3) A tax administrator may require a taxpayer that is not 1419
an individual to include, with each annual net profit return, 1420
amended net profit return, or request for refund required under 1421
this section, copies of only the following documents: the 1422
taxpayer's Internal Revenue Service form 1041, form 1065, form 1423
1120, form 1120-REIT, form 1120F, or form 1120S, and, with 1424
respect to an amended tax return or refund request, any other 1425

documentation necessary to support the refund request or the 1426
adjustments made in the amended return. 1427

A taxpayer that is not an individual and that files an 1428
annual net profit return electronically through the Ohio 1429
business gateway or in some other manner shall either mail the 1430
documents required under this division to the tax administrator 1431
at the time of filing or, if electronic submission is available, 1432
submit the documents electronically through the Ohio business 1433
gateway. The department of taxation shall publish a method of 1434
electronically submitting the documents required under this 1435
division through the Ohio business gateway on or before January 1436
1, 2016. The department shall transmit all documents submitted 1437
electronically under this division to the appropriate tax 1438
administrator. 1439

(4) After a taxpayer files a tax return, the tax 1440
administrator may request, and the taxpayer shall provide, any 1441
information, statements, or documents required by the municipal 1442
corporation to determine and verify the taxpayer's municipal 1443
income tax liability. The requirements imposed under division 1444
(F) of this section apply regardless of whether the taxpayer 1445
files on a generic form or on a form prescribed by the tax 1446
administrator. 1447

(G) (1) Except as otherwise provided in this chapter, each 1448
return required to be filed under this section shall be 1449
completed and filed as required by the tax administrator on or 1450
before the date prescribed for the filing of state individual 1451
income tax returns under division (G) of section 5747.08 of the 1452
Revised Code. The taxpayer shall complete and file the return or 1453
notice on forms prescribed by the tax administrator or on 1454
generic forms, together with remittance made payable to the 1455

municipal corporation or tax administrator. No remittance is 1456
required if the amount shown to be due is ten dollars or less. 1457

(2) Any taxpayer that has duly requested an automatic six- 1458
month extension for filing the taxpayer's federal income tax 1459
return shall automatically receive an extension for the filing 1460
of a municipal income tax return. The extended due date of the 1461
municipal income tax return shall be the fifteenth day of the 1462
tenth month after the last day of the taxable year to which the 1463
return relates. An extension of time to file under this division 1464
is not an extension of the time to pay any tax due unless the 1465
tax administrator grants an extension of that date. 1466

(3) If the tax commissioner extends for all taxpayers the 1467
date for filing state income tax returns under division (G) of 1468
section 5747.08 of the Revised Code, a taxpayer shall 1469
automatically receive an extension for the filing of a municipal 1470
income tax return. The extended due date of the municipal income 1471
tax return shall be the same as the extended due date of the 1472
state income tax return. 1473

(4) If the tax administrator considers it necessary in 1474
order to ensure the payment of the tax imposed by the municipal 1475
corporation in accordance with this chapter, the tax 1476
administrator may require taxpayers to file returns and make 1477
payments otherwise than as provided in this section, including 1478
taxpayers not otherwise required to file annual returns. 1479

(5) To the extent that any provision in this division 1480
conflicts with any provision in section 718.052 of the Revised 1481
Code, the provision in that section prevails. 1482

(H) (1) For taxable years beginning after 2015, a municipal 1483
corporation shall not require a taxpayer to remit tax with 1484

respect to net profits if the amount due is less than ten 1485
dollars. 1486

(2) Any taxpayer not required to remit tax to a municipal 1487
corporation for a taxable year pursuant to division (H) (1) of 1488
this section shall file with the municipal corporation an annual 1489
net profit return under division (F) (3) of this section. 1490

(I) This division shall not apply to payments required to 1491
be made under division (B) (1) (a) or (2) (a) of section 718.03 of 1492
the Revised Code. 1493

(1) If any report, claim, statement, or other document 1494
required to be filed, or any payment required to be made, within 1495
a prescribed period or on or before a prescribed date under this 1496
chapter is delivered after that period or that date by United 1497
States mail to the tax administrator or other municipal official 1498
with which the report, claim, statement, or other document is 1499
required to be filed, or to which the payment is required to be 1500
made, the date of the postmark stamped on the cover in which the 1501
report, claim, statement, or other document, or payment is 1502
mailed shall be deemed to be the date of delivery or the date of 1503
payment. "The date of postmark" means, in the event there is 1504
more than one date on the cover, the earliest date imprinted on 1505
the cover by the postal service. 1506

(2) If a payment is required to be made by electronic 1507
funds transfer, the payment is considered to be made when the 1508
payment is credited to an account designated by the tax 1509
administrator for the receipt of tax payments, except that, when 1510
a payment made by electronic funds transfer is delayed due to 1511
circumstances not under the control of the taxpayer, the payment 1512
is considered to be made when the taxpayer submitted the 1513
payment. 1514

(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 accept for filing a generic form of any income tax return, report, or document required by the municipal corporation in accordance with this chapter, provided that the generic form, once completed and filed, contains all of the information required by ordinance, resolution, or rules adopted by the

municipal corporation or tax administrator, and provided that 1546
the taxpayer or tax return preparer filing the generic form 1547
otherwise complies with the provisions of this chapter and of 1548
the municipal corporation ordinance or resolution governing the 1549
filing of returns, reports, or documents. 1550

(M) When income tax returns, reports, or other documents 1551
require the signature of a tax return preparer, the tax 1552
administrator shall accept a facsimile of such a signature in 1553
lieu of a manual signature. 1554

Sec. 718.16. A municipal corporation ~~shall~~may grant a 1555
credit against its tax on income to a resident of the municipal 1556
corporation who works in a joint economic development zone 1557
created under section 715.691 or a joint economic development 1558
district created under section 715.70, 715.71, or 715.72 of the 1559
Revised Code ~~to the same extent that it grants a credit against~~ 1560
~~its tax on income to its residents who are employed in another~~ 1561
~~municipal corporation.~~ The credit may not exceed the amount of 1562
income taxes the resident paid to the joint economic development 1563
zone or joint economic development district during the taxable 1564
year. 1565

Section 2. That existing sections 709.023, 718.01, 718.02, 1566
718.03, 718.04, 718.05, and 718.16 and sections 718.011 and 1567
718.50 of the Revised Code are hereby repealed. 1568

Section 3. The amendment or repeal by this act of sections 1569
709.023, 718.01, 718.011, 718.02, 718.03, 718.04, 718.05, 1570
718.16, and 718.50 of the Revised Code applies to municipal 1571
taxable years beginning on or after January 1, 2016. 1572