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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 503
(1_136_1621-5)
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 503's Bill Analysis](#)

Version: In House Ways and Means

Primary Sponsors: Reps. Roemer and Workman

Local Impact Statement Procedure Required: No

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Highlights

- The bill has no direct fiscal effect to the state and local governments.

Detailed Analysis

The bill requires a municipality, that grants its residents a full or partial municipal income tax credit for such tax paid to another municipal corporation, to obtain voters' approval to reduce or repeal the credit, including for a proposed decrease to the rate limit of an existing reciprocity credit. The bill also specifies procedures for municipalities to reduce or repeal the credit, including the voter initiative to adopt or increase the reciprocity credit. Based on municipal income tax data published in a spreadsheet, [LG-11: Municipal Income Tax – Tax Rates and Amounts Collected, by Municipality](#), derived from surveys conducted by the Ohio Department of Taxation, in calendar year (CY) 2024, 671 municipalities levied an income tax with rates ranged from 0.1% to 3.0%.

Since municipal income taxes are administered by individual municipalities or third-party administrators, such as the [Regional Income Tax Agency](#) and the [Central Collection Agency](#), a complete list of municipalities offering a reciprocity credit, whether full or partial, is not currently available. However, LBO staff has partially aggregated this information using data from third-party administrators and some individual municipalities. Based on this partial aggregation, out of 435 municipalities that levy a municipal income tax, 196 offer a full reciprocity credit, 113 offer a partial credit, and 126 offer no credit.

The bill has no direct fiscal effect to the state and local governments. However, contingent upon voter approval, it may increase revenue for any municipalities that choose to reduce or repeal their municipal income tax reciprocity credit or otherwise initiates an increase in the amount or percentage of the credit.

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