

As Introduced

136th General Assembly

Regular Session

2025-2026

H. B. No. 503

Representatives Roemer, Workman

Cosponsors: Representatives Daniels, King, Newman, Thomas, D., Williams

To amend section 718.04 and to enact section	1
718.041 of the Revised Code to require voter	2
approval to modify a municipal income tax	3
reciprocity credit and to allow a voter	4
initiative to authorize, modify, or repeal such	5
a credit.	6

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

Section 1. That section 718.04 be amended and section	7
718.041 of the Revised Code be enacted to read as follows:	8

Sec. 718.04. (A) Notwithstanding division (A) of section	9
715.013 of the Revised Code, a municipal corporation may levy a	10
tax on income and a withholding tax if such taxes are levied in	11
accordance with the provisions and limitations specified in this	12
chapter. On or after January 1, 2016, the ordinance or	13
resolution levying such taxes, as adopted or amended by the	14
legislative authority of the municipal corporation, shall	15
include all of the following:	16

(1) A statement that the tax is an annual tax levied on	17
the income of every person residing in or earning or receiving	18
income in the municipal corporation and that the tax shall be	19

measured by municipal taxable income; 20

(2) A statement that the municipal corporation is levying 21
the tax in accordance with the limitations specified in this 22
chapter and that the resolution or ordinance thereby 23
incorporates the provisions of this chapter; 24

(3) The rate of the tax; 25

(4) Whether, and the extent to which, a credit, as 26
described in division (D) of this section, will be allowed 27
against the tax; 28

(5) The purpose or purposes of the tax; 29

(6) Any other provision necessary for the administration 30
of the tax, provided that the provision does not conflict with 31
any provision of this chapter. 32

(B) Any municipal corporation that, on or before March 23, 33
2015, levies an income tax at a rate in excess of one per cent 34
may continue to levy the tax at the rate specified in the 35
original ordinance or resolution, provided that such rate 36
continues in effect as specified in the original ordinance or 37
resolution. 38

(C) (1) No municipal corporation shall tax income at other 39
than a uniform rate. 40

(2) Except as provided in division (B) of this section, no 41
municipal corporation shall levy a tax on income at a rate in 42
excess of one per cent without having obtained the approval of 43
the excess by a majority of the electors of the municipality 44
voting on the question at a general, primary, or special 45
election. The legislative authority of the municipal corporation 46
shall file with the board of elections at least ninety days 47

before the day of the election a copy of the ordinance together 48
with a resolution specifying the date the election is to be held 49
and directing the board of elections to conduct the election. 50
The ballot shall be in the following form: "Shall the Ordinance 51
providing for a___ per cent levy on income for (Brief 52
description of the purpose of the proposed levy) be passed? 53
54

	FOR THE INCOME TAX
	AGAINST THE INCOME TAX

"

In the event of an affirmative vote, the proceeds of the 55
levy may be used only for the specified purpose. 56

(D) A municipal corporation may, by ordinance or 57
resolution, grant a credit to residents of the municipal 58
corporation for all or a portion of the taxes paid to any 59
municipal corporation, in this state or elsewhere, by the 60
resident or by a pass-through entity owned, directly or 61
indirectly, by a resident, on the resident's distributive or 62
proportionate share of the income of the pass-through entity. A 63
municipal corporation is not required to refund taxes not paid 64
to the municipal corporation. 65

A municipal corporation granting such a credit shall not 66
modify the amount or percentage of the credit or repeal the 67
credit without having obtained the approval of the modification 68
or repeal by a majority of the electors of the municipal 69
corporation voting on the question at a general, primary, or 70
special election. The legislative authority of the municipal 71
corporation shall file with the board of elections at least 72
ninety days before the day of the election a copy of the 73
ordinance together with a resolution specifying the date the 74

election is to be held and directing the board of elections to 75
conduct the election. Upon transmission of the ordinance to the 76
board of elections, the municipal corporation shall notify the 77
tax commissioner in writing of the question to be submitted to 78
electors. The question of modifying the credit shall be 79
submitted to the electors as a separate question and shall not 80
be combined in a single ballot question with any question 81
regarding the rate of tax proposed under division (C) (2) of this 82
section. The ballot shall be in the following form: "Shall the 83
Ordinance providing for _____ (a repeal, increase, or 84
reduction) of a tax credit to residents of _____ (the applicable 85
municipal corporation) for _____ (all or a portion of, as 86
applicable) the taxes paid to any other municipal corporation be 87
passed? (If a modification, language shall be added here stating 88
the amount of the modified credit compared to the amount of the 89
current credit.) 90

<u>Yes</u>	For the (repeal, _____ increase, or reduction)
<u>No</u>	Against the (repeal, _____ increase, or reduction)

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(E) Except as otherwise provided in this chapter, a 93
municipal corporation that levies an income tax in effect for 94
taxable years beginning before January 1, 2016, may continue to 95
administer and enforce the provisions of such tax for all 96
taxable years beginning before January 1, 2016, provided that 97
the provisions of such tax are consistent with this chapter as 98
it existed prior to March 23, 2015. 99

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

(G) (1) Division (G) of this section applies to a municipal corporation that, at the time of entering into a written agreement under division (G) (2) of this section, shares the same territory as a city, local, or exempted village school district, to the extent that not more than thirty per cent of the territory of the municipal corporation is located outside the school district and a portion of the territory of the school district that is not located within the municipal corporation is located within another municipal corporation having a population of four hundred thousand or more according to the federal decennial census most recently completed before the agreement is entered into under division (G) (2) of this section.

(2) The legislative authority of a municipal corporation to which division (G) of this section applies may propose to the electors an income tax, one of the purposes of which shall be to provide financial assistance to the school district described in division (G) (1) of this section. Prior to proposing the tax, the legislative authority shall negotiate and enter into a written agreement with the board of education of that school district specifying the tax rate; the percentage or amount of tax revenue to be paid to the school district or the method of establishing or determining that percentage or amount, which may be subject to change periodically; the purpose for which the school district will use the money; the first year the tax will be levied; the date of the election on the question of the tax; and

the method and schedule by which, and the conditions under 131
which, the municipal corporation will make payments to the 132
school district. The tax shall otherwise comply with the 133
provisions and limitations specified in this chapter. 134

Sec. 718.041. (A) (1) The electors of a municipal 135
corporation may initiate the adoption, repeal, or modification 136
of a credit authorized under division (D) of section 718.04 of 137
the Revised Code by filing a petition with the board of 138
elections of the county in which the municipal corporation is 139
located. If the municipal corporation has territory in more than 140
one county, the petition shall be filed with the board of 141
elections of the county in which the most populous portion of 142
the municipal corporation is located. 143

(2) The petition shall be on a form prescribed by the 144
secretary of state, shall state the proposed amount or 145
percentage of the credit, the amount of the proposed increase or 146
decrease in the amount or percentage of the credit, or that the 147
credit shall be repealed, and shall be signed by qualified 148
electors of the municipal corporation equal in number to at 149
least ten per cent of the total number of votes cast in the 150
municipal corporation for the office of governor at the most 151
recent general election for that office. 152

(3) If the board determines that the petition is 153
sufficient and valid, the question shall be submitted to the 154
electors of the municipal corporation for their approval at the 155
next general election held at least ninety days after the 156
petition is filed with the board. 157

(B) The board of elections shall publish notice of the 158
election in a newspaper of general circulation in the municipal 159
corporation once a week for two consecutive weeks before the 160

election, or as provided in section 7.16 of the Revised Code. 161
The board of elections of each county in which the municipal 162
corporation has territory, if it operates and maintains a web 163
site, shall post notice of the election on its web site for 164
thirty days before the election. The notice shall state the time 165
and place of the election. 166

(C) If the question is approved by a majority of the 167
electors voting on it, for taxable years beginning on and after 168
the first day of January following the election, the municipal 169
corporation shall cease granting the credit or shall administer 170
the credit at the approved amount or percentage, as applicable. 171

Section 2. That existing section 718.04 of the Revised 172
Code is hereby repealed. 173

Section 3. The amendment by this act of section 718.04 of 174
the Revised Code applies to modifications to the credit 175
described in division (D) of that section that were enacted by 176
ordinance or resolution adopted on or after August 1, 2025. Any 177
such modification enacted pursuant to such an ordinance or 178
resolution adopted on or after that date but before the 179
effective date of this section is null and void and is without 180
effect. 181