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To amend section 718.04 and to enact section   1
    718.041 of the Revised Code to require voter   2
    approval to reduce or repeal a municipal income 3
    tax reciprocity credit, to allow a voter   4
    initiative to enact or increase such a credit,   5
    and to require the Department of Taxation to   6
    conduct a study of municipal income taxation.   7

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

   Section 1. That section 718.04 be amended and section   8
718.041 of the Revised Code be enacted to read as follows: 9

   Sec. 718.04. (A) Notwithstanding division (A) of section   10
715.013 of the Revised Code, a municipal corporation may levy a   11
tax on income and a withholding tax if such taxes are levied in   12
accordance with the provisions and limitations specified in this 13
chapter. On or after January 1, 2016, the ordinance or   14
resolution levying such taxes, as adopted or amended by the   15
legislative authority of the municipal corporation, shall   16
include all of the following: 17

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

income in the municipal corporation and that the tax shall be 20

measured by municipal taxable income; 21

(2) A statement that the municipal corporation is levying 22

the tax in accordance with the limitations specified in this 23

chapter and that the resolution or ordinance thereby 24

incorporates the provisions of this chapter; 25

(3) The rate of the tax; 26

(4) Whether, and the extent to which, a credit, as 27

described in division (D) of this section, will be allowed 28

against the tax; 29

(5) The purpose or purposes of the tax; 30

(6) Any other provision necessary for the administration 31

of the tax, provided that the provision does not conflict with 32

any provision of this chapter. 33

(B) Any municipal corporation that, on or before March 23, 34

2015, levies an income tax at a rate in excess of one per cent 35

may continue to levy the tax at the rate specified in the 36

original ordinance or resolution, provided that such rate 37

continues in effect as specified in the original ordinance or 38

resolution. 39

(C)(1) No municipal corporation shall tax income at other 40

than a uniform rate. 41

(2) Except as provided in division (B) of this section, no 42

municipal corporation shall levy a tax on income at a rate in 43

excess of one per cent without having obtained the approval of 44

the excess by a majority of the electors of the municipality 45

voting on the question at a general, primary, or special 46

election. The legislative authority of the municipal corporation 47

shall file with the board of elections at least ninety days   48

before the day of the election a copy of the ordinance together   49

with a resolution specifying the date the election is to be held   50

and directing the board of elections to conduct the election.   51

The ballot shall be in the following form: "Shall the Ordinance   52

providing for a___ per cent levy on income for (Brief   53

description of the purpose of the proposed levy) be passed?   54

                                                                       55

	FOR THE INCOME TAX
	AGAINST THE INCOME TAX

"

In the event of an affirmative vote, the proceeds of the   56

levy may be used only for the specified purpose.   57

(D) A municipal corporation may, by ordinance or   58

resolution, grant a credit to residents of the municipal   59

corporation for all or a portion of the taxes paid to any   60

municipal corporation, in this state or elsewhere, by the   61

resident or by a pass-through entity owned, directly or   62

indirectly, by a resident, on the resident's distributive or   63

proportionate share of the income of the pass-through entity. A   64

municipal corporation is not required to refund taxes not paid   65

to the municipal corporation.   66

A municipal corporation granting such a credit shall not   67

reduce the amount, percentage, or rate limit of the credit or   68

repeal the credit without having obtained the approval of the   69

reduction or repeal by a majority of the electors of the   70

municipal corporation voting on the question at a general   71

election. The legislative authority of the municipal corporation   72

shall file with the board of elections at least ninety days   73

before the day of the election a copy of the ordinance together   74

with a resolution specifying the date the election is to be held   75
and directing the board of elections to conduct the election.   76
Upon transmission of the ordinance to the board of elections,   77
the municipal corporation shall notify the tax commissioner in   78
writing of the question to be submitted to electors. The   79
question of modifying the credit shall be submitted to the   80
electors as a separate question and shall not be combined in a   81
single ballot question with any question regarding the rate of   82
tax proposed under division (C)(2) of this section. The ballot   83
shall be in the following form: "Shall the Ordinance providing   84
for _____ (a repeal or reduction) of a tax credit to residents   85
of _____ (the applicable municipal corporation) for _____ (all or   86
a portion of, as applicable) the taxes paid to any other   87
municipal corporation be passed? (If a modification, language   88
shall be added here stating the amount, percentage, or rate   89
limit of the modified credit compared to the amount, percentage,   90
or rate limit of the current credit.)   91

                                                                                    92

                                                                                    93

Yes	For the (repeal or reduction)	
No	Against the (repeal or reduction)	"

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

it existed prior to March 23, 2015.

(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

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district will use the money; the first year the tax will be   130

levied; the date of the election on the question of the tax; and   131

the method and schedule by which, and the conditions under   132

which, the municipal corporation will make payments to the   133

school district. The tax shall otherwise comply with the   134

provisions and limitations specified in this chapter.   135

    Sec. 718.041. (A)(1) The electors of a municipal   136

corporation may initiate a question to enact a credit authorized   137

under division (D) of section 718.04 of the Revised Code or to   138

increase the amount, percentage, or rate limit of an existing   139

credit by filing a petition with the board of elections of the   140

county in which the municipal corporation is located. If the   141

municipal corporation has territory in more than one county, the   142

petition shall be filed with the board of elections of the   143

county in which the most populous portion of the municipal   144

corporation is located.   145

    (2) The petition shall be on a form prescribed by the   146

secretary of state, shall state the proposed amount, percentage,   147

or rate limit of the credit or the amount of the proposed   148

increase in the amount, percentage, or rate limit of the credit,   149

and shall be signed by qualified electors of the municipal   150

corporation equal in number to at least ten per cent of the   151

total number of votes cast in the municipal corporation for the   152

office of governor at the most recent general election for that   153

office.   154

    (3) If the board determines that the petition is   155

sufficient and valid, the question shall be submitted to the   156

electors of the municipal corporation for their approval at the   157

next general election held at least ninety days after the   158

petition is filed with the board.   159

(B) The board of elections shall publish notice of the   160
election in a newspaper of general circulation in the municipal   161
corporation once a week for two consecutive weeks before the   162
election, or as provided in section 7.16 of the Revised Code.   163
The board of elections of each county in which the municipal   164
corporation has territory, if it operates and maintains a web   165
site, shall post notice of the election on its web site for   166
thirty days before the election. The notice shall state the time   167
and place of the election.   168

(C) If the question is approved by a majority of the   169
electors voting on it, for taxable years beginning on and after   170
the first day of January following the election, the municipal   171
corporation shall administer the credit at the approved amount,   172
percentage, or rate limit.   173

(D) The procedures of this section apply notwithstanding   174
any contrary provision of Chapter 731. of the Revised Code.   175

Section 2. That existing section 718.04 of the Revised   176
Code is hereby repealed.   177

Section 3. The Department of Taxation shall conduct a   178
study on municipal income tax uniformity, convening relevant   179
stakeholders including, but not limited to, the Ohio Mayors   180
Alliance, the Ohio Municipal League, the Ohio Chamber of   181
Commerce, the Ohio Business Roundtable, the National Federation   182
of Independent Business Ohio, the Ohio Council of Retail   183
Merchants, the Regional Income Tax Authority, the Central   184
Collections Agency, and the Ohio Society of Certified Public   185
Accountants, and issue a report to the General Assembly not   186
later than December 31, 2026, in accordance with division (D) of   187
section 101.68 of the Revised Code. The report shall cover the   188
amount of municipal income tax collected annually statewide, the   189

impact of current law on taxpayers and tax preparers, as well as   190

the financial impact of potential changes to current law on   191

statutorily required municipal services. The report shall also   192

evaluate stakeholder proposed reforms to the existing municipal   193

income tax system.   194