

As Introduced

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H. B. No. 642

Representative Demetriou

To amend sections 718.01, 718.81, and 718.84 of the
Revised Code to remove a five-year limit on
municipal income tax net operating loss carry-
forwards.

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

Section 1. That sections 718.01, 718.81, and 718.84 of the
Revised Code be amended to read as follows:

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Sec. 718.01. Any term used in this chapter that is not
otherwise defined in this chapter has the same meaning as when
used in a comparable context in laws of the United States
relating to federal income taxation or in Title LVII of the
Revised Code, unless a different meaning is clearly required.
Except as provided in section 718.81 of the Revised Code, 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.

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Except as otherwise provided in section 718.81 of the

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Revised Code, as used in this chapter: 21

(A) (1) "Municipal taxable income" means the following: 22

(a) For a person other than an individual, income 23
apportioned or situated to the municipal corporation under 24
section 718.02 of the Revised Code, as applicable, ~~reduced by~~ 25
~~any pre-2017 net operating loss carryforward available to the~~ 26
~~person for the municipal corporation.~~ 27

(b) (i) For an individual who is a resident of a municipal 28
corporation other than a qualified municipal corporation, income 29
reduced by exempt income to the extent otherwise included in 30
income, and then reduced as provided in division (A) (2) of this 31
~~section, and further reduced by any pre-2017 net operating loss~~ 32
~~carryforward available to the individual for the municipal~~ 33
~~corporation.~~ 34

(ii) For an individual who is a resident of a qualified 35
municipal corporation, Ohio adjusted gross income reduced by 36
income exempted, and increased by deductions excluded, by the 37
qualified municipal corporation from the qualified municipal 38
corporation's tax. If a qualified municipal corporation, on or 39
before December 31, 2013, exempts income earned by individuals 40
who are not residents of the qualified municipal corporation and 41
net profit of persons that are not wholly located within the 42
qualified municipal corporation, such individual or person shall 43
have no municipal taxable income for the purposes of the tax 44
levied by the qualified municipal corporation and may be 45
exempted by the qualified municipal corporation from the 46
requirements of section 718.03 of the Revised Code. 47

(c) For an individual who is a nonresident of a municipal 48
corporation, income reduced by exempt income to the extent 49

otherwise included in income and then, as applicable, 50
apportioned or sitused to the municipal corporation under 51
section 718.02 of the Revised Code, and then reduced as provided 52
in division (A) (2) of this section, ~~and further reduced by any~~ 53
~~pre-2017 net operating loss carryforward available to the~~ 54
~~individual for the municipal corporation.~~ 55

(2) In computing the municipal taxable income of a 56
taxpayer who is an individual, the taxpayer may subtract, as 57
provided in division (A) (1) (b) (i) or (c) of this section, the 58
amount of the individual's employee business expenses reported 59
on the individual's form 2106 that the individual deducted for 60
federal income tax purposes for the taxable year, subject to the 61
limitation imposed by section 67 of the Internal Revenue Code. 62
For the municipal corporation in which the taxpayer is a 63
resident, the taxpayer may deduct all such expenses allowed for 64
federal income tax purposes. For a municipal corporation in 65
which the taxpayer is not a resident, the taxpayer may deduct 66
such expenses only to the extent the expenses are related to the 67
taxpayer's performance of personal services in that nonresident 68
municipal corporation. 69

(B) "Income" means the following: 70

(1) (a) For residents, all income, salaries, qualifying 71
wages, commissions, and other compensation from whatever source 72
earned or received by the resident, including the resident's 73
distributive share of the net profit of pass-through entities 74
owned directly or indirectly by the resident and any net profit 75
of the resident, except as provided in division (D) (5) of this 76
section. 77

(b) For the purposes of division (B) (1) (a) of this 78
section: 79

(i) Any net operating loss of the resident incurred in the 80
taxable year and the resident's distributive share of any net 81
operating loss generated in the same taxable year and 82
attributable to the resident's ownership interest in a pass- 83
through entity shall be allowed as a deduction, ~~for that taxable~~ 84
~~year and the following five taxable years,~~ against any other net 85
profit of the resident or the resident's distributive share of 86
any net profit attributable to the resident's ownership interest 87
in a pass-through entity for that taxable year and the next 88
succeeding taxable year or years until fully utilized, subject 89
to division (B) (1) (d) of this section; 90

(ii) The resident's distributive share of the net profit 91
of each pass-through entity owned directly or indirectly by the 92
resident shall be calculated without regard to any net operating 93
loss that is carried forward by that entity from a prior taxable 94
year and applied to reduce the entity's net profit for the 95
current taxable year. 96

(c) Division (B) (1) (b) of this section does not apply with 97
respect to any net profit or net operating loss attributable to 98
an ownership interest in an S corporation unless shareholders' 99
distributive shares of net profits from S corporations are 100
subject to tax in the municipal corporation as provided in 101
division (C) (14) (b) or (c) of this section. 102

(d) Any amount of a net operating loss used to reduce a 103
taxpayer's net profit for a taxable year shall reduce the amount 104
of net operating loss that may be carried forward to any 105
subsequent year for use by that taxpayer. In no event shall the 106
cumulative deductions for all taxable years with respect to a 107
taxpayer's net operating loss exceed the original amount of that 108
net operating loss available to that taxpayer. 109

(2) In the case of nonresidents, all income, salaries, 110
qualifying wages, commissions, and other compensation from 111
whatever source earned or received by the nonresident for work 112
done, services performed or rendered, or activities conducted in 113
the municipal corporation, including any net profit of the 114
nonresident, but excluding the nonresident's distributive share 115
of the net profit or loss of only pass-through entities owned 116
directly or indirectly by the nonresident. 117

(3) For taxpayers that are not individuals, net profit of 118
the taxpayer; 119

(4) Lottery, sweepstakes, gambling and sports winnings, 120
winnings from games of chance, and prizes and awards. If the 121
taxpayer is a professional gambler for federal income tax 122
purposes, the taxpayer may deduct related wagering losses and 123
expenses to the extent authorized under the Internal Revenue 124
Code and claimed against such winnings. 125

(C) "Exempt income" means all of the following: 126

(1) The military pay or allowances of members of the armed 127
forces of the United States or members of their reserve 128
components, including the national guard of any state. As used 129
in division (C)(1) of this section, "armed forces" has the same 130
meaning as in 10 U.S.C. 101. 131

(2) (a) Except as provided in division (C)(2)(b) of this 132
section, intangible income; 133

(b) A municipal corporation that taxed any type of 134
intangible income on March 29, 1988, pursuant to Section 3 of 135
S.B. 238 of the 116th general assembly, may continue to tax that 136
type of income if a majority of the electors of the municipal 137
corporation voting on the question of whether to permit the 138

taxation of that type of intangible income after 1988 voted in 139
favor thereof at an election held on November 8, 1988. 140

(3) Social security benefits, railroad retirement 141
benefits, unemployment compensation, pensions, retirement 142
benefit payments, payments from annuities, and similar payments 143
made to an employee or to the beneficiary of an employee under a 144
retirement program or plan, disability payments received from 145
private industry or local, state, or federal governments or from 146
charitable, religious or educational organizations, and the 147
proceeds of sickness, accident, or liability insurance policies. 148
As used in division (C)(3) of this section, "unemployment 149
compensation" does not include supplemental unemployment 150
compensation described in section 3402(o)(2) of the Internal 151
Revenue Code. 152

(4) The income of religious, fraternal, charitable, 153
scientific, literary, or educational institutions to the extent 154
such income is derived from tax-exempt real estate, tax-exempt 155
tangible or intangible property, or tax-exempt activities. 156

(5) Compensation paid under section 3501.28 or 3501.36 of 157
the Revised Code to a person serving as a precinct election 158
official to the extent that such compensation does not exceed 159
one thousand dollars for the taxable year. Such compensation in 160
excess of one thousand dollars for the taxable year may be 161
subject to taxation by a municipal corporation. A municipal 162
corporation shall not require the payer of such compensation to 163
withhold any tax from that compensation. 164

(6) Dues, contributions, and similar payments received by 165
charitable, religious, educational, or literary organizations or 166
labor unions, lodges, and similar organizations; 167

(7) Alimony and child support received;	168
(8) Compensation for personal injuries or for damages to	169
property from insurance proceeds or otherwise, excluding	170
compensation paid for lost salaries or wages or compensation	171
from punitive damages;	172
(9) Income of a public utility when that public utility is	173
subject to the tax levied under section 5727.24 or 5727.30 of	174
the Revised Code. Division (C) (9) of this section does not apply	175
for purposes of Chapter 5745. of the Revised Code.	176
(10) Gains from involuntary conversions, interest on	177
federal obligations, items of income subject to a tax levied by	178
the state and that a municipal corporation is specifically	179
prohibited by law from taxing, and income of a decedent's estate	180
during the period of administration except such income from the	181
operation of a trade or business;	182
(11) Compensation or allowances excluded from federal	183
gross income under section 107 of the Internal Revenue Code;	184
(12) Employee compensation that is not qualifying wages as	185
defined in division (R) of this section;	186
(13) Compensation paid to a person employed within the	187
boundaries of a United States air force base under the	188
jurisdiction of the United States air force that is used for the	189
housing of members of the United States air force and is a	190
center for air force operations, unless the person is subject to	191
taxation because of residence or domicile. If the compensation	192
is subject to taxation because of residence or domicile, tax on	193
such income shall be payable only to the municipal corporation	194
of residence or domicile.	195
(14) (a) Except as provided in division (C) (14) (b) or (c)	196

of this section, an S corporation shareholder's distributive 197
share of net profits of the S corporation, other than any part 198
of the distributive share of net profits that represents wages 199
as defined in section 3121(a) of the Internal Revenue Code or 200
net earnings from self-employment as defined in section 1402(a) 201
of the Internal Revenue Code. 202

(b) If, pursuant to division (H) of former section 718.01 203
of the Revised Code as it existed before March 11, 2004, a 204
majority of the electors of a municipal corporation voted in 205
favor of the question at an election held on November 4, 2003, 206
the municipal corporation may continue after 2002 to tax an S 207
corporation shareholder's distributive share of net profits of 208
an S corporation. 209

(c) If, on December 6, 2002, a municipal corporation was 210
imposing, assessing, and collecting a tax on an S corporation 211
shareholder's distributive share of net profits of the S 212
corporation to the extent the distributive share would be 213
allocated or apportioned to this state under divisions (B) (1) 214
and (2) of section 5733.05 of the Revised Code if the S 215
corporation were a corporation subject to taxes imposed under 216
Chapter 5733. of the Revised Code, the municipal corporation may 217
continue to impose the tax on such distributive shares to the 218
extent such shares would be so allocated or apportioned to this 219
state only until December 31, 2004, unless a majority of the 220
electors of the municipal corporation voting on the question of 221
continuing to tax such shares after that date voted in favor of 222
that question at an election held November 2, 2004. If a 223
majority of those electors voted in favor of the question, the 224
municipal corporation may continue after December 31, 2004, to 225
impose the tax on such distributive shares only to the extent 226
such shares would be so allocated or apportioned to this state. 227

(d) A municipal corporation shall be deemed to have 228
elected to tax S corporation shareholders' distributive shares 229
of net profits of the S corporation in the hands of the 230
shareholders if a majority of the electors of a municipal 231
corporation voted in favor of a question at an election held 232
under division (C) (14) (b) or (c) of this section. The municipal 233
corporation shall specify by resolution or ordinance that the 234
tax applies to the distributive share of a shareholder of an S 235
corporation in the hands of the shareholder of the S 236
corporation. 237

(15) The income of individuals under eighteen years of 238
age. 239

(16) (a) Except as provided in divisions (C) (16) (b), (c), 240
and (d) of this section, qualifying wages described in division 241
(B) (1) or (E) of section 718.011 of the Revised Code to the 242
extent the qualifying wages are not subject to withholding for 243
the municipal corporation under either of those divisions. 244

(b) The exemption provided in division (C) (16) (a) of this 245
section does not apply with respect to the municipal corporation 246
in which the employee resided at the time the employee earned 247
the qualifying wages. 248

(c) The exemption provided in division (C) (16) (a) of this 249
section does not apply to qualifying wages that an employer 250
elects to withhold under division (D) (2) of section 718.011 of 251
the Revised Code. 252

(d) The exemption provided in division (C) (16) (a) of this 253
section does not apply to qualifying wages if both of the 254
following conditions apply: 255

(i) For qualifying wages described in division (B) (1) of 256

section 718.011 of the Revised Code, the employee's employer 257
withholds and remits tax on the qualifying wages to the 258
municipal corporation in which the employee's principal place of 259
work is situated, or, for qualifying wages described in division 260
(E) of section 718.011 of the Revised Code, the employee's 261
employer withholds and remits tax on the qualifying wages to the 262
municipal corporation in which the employer's fixed location is 263
located; 264

(ii) The employee receives a refund of the tax described 265
in division (C) (16) (d) (i) of this section on the basis of the 266
employee not performing services in that municipal corporation. 267

(17) (a) Except as provided in division (C) (17) (b) or (c) 268
of this section, compensation that is not qualifying wages paid 269
to a nonresident individual for personal services performed in 270
the municipal corporation on not more than twenty days in a 271
taxable year. 272

(b) The exemption provided in division (C) (17) (a) of this 273
section does not apply under either of the following 274
circumstances: 275

(i) The individual's base of operation is located in the 276
municipal corporation. 277

(ii) The individual is a professional athlete, 278
professional entertainer, or public figure, and the compensation 279
is paid for the performance of services in the individual's 280
capacity as a professional athlete, professional entertainer, or 281
public figure. For purposes of division (C) (17) (b) (ii) of this 282
section, "professional athlete," "professional entertainer," and 283
"public figure" have the same meanings as in section 718.011 of 284
the Revised Code. 285

(c) Compensation to which division (C)(17) of this section 286
applies shall be treated as earned or received at the 287
individual's base of operation. If the individual does not have 288
a base of operation, the compensation shall be treated as earned 289
or received where the individual is domiciled. 290

(d) For purposes of division (C)(17) of this section, 291
"base of operation" means the location where an individual owns 292
or rents an office, storefront, or similar facility to which the 293
individual regularly reports and at which the individual 294
regularly performs personal services for compensation. 295

(18) Compensation paid to a person for personal services 296
performed for a political subdivision on property owned by the 297
political subdivision, regardless of whether the compensation is 298
received by an employee of the subdivision or another person 299
performing services for the subdivision under a contract with 300
the subdivision, if the property on which services are performed 301
is annexed to a municipal corporation pursuant to section 302
709.023 of the Revised Code on or after March 27, 2013, unless 303
the person is subject to such taxation because of residence. If 304
the compensation is subject to taxation because of residence, 305
municipal income tax shall be payable only to the municipal 306
corporation of residence. 307

(19) In the case of a tax administered, collected, and 308
enforced by a municipal corporation pursuant to an agreement 309
with the board of directors of a joint economic development 310
district under section 715.72 of the Revised Code, the net 311
profits of a business, and the income of the employees of that 312
business, exempted from the tax under division (Q) of that 313
section. 314

(20) All of the following: 315

(a) Income derived from disaster work conducted in this 316
state by an out-of-state disaster business during a disaster 317
response period pursuant to a qualifying solicitation received 318
by the business; 319

(b) Income of a qualifying employee described in division 320
(A) (14) (a) of section 5703.94 of the Revised Code, to the extent 321
such income is derived from disaster work conducted in this 322
state by the employee during a disaster response period pursuant 323
to a qualifying solicitation received by the employee's 324
employer; 325

(c) Income of a qualifying employee described in division 326
(A) (14) (b) of section 5703.94 of the Revised Code, to the extent 327
such income is derived from disaster work conducted in this 328
state by the employee during a disaster response period on 329
critical infrastructure owned or used by the employee's 330
employer. 331

(21) Income the taxation of which is prohibited by the 332
constitution or laws of the United States. 333

Any item of income that is exempt income of a pass-through 334
entity under division (C) of this section is exempt income of 335
each owner of the pass-through entity to the extent of that 336
owner's distributive or proportionate share of that item of the 337
entity's income. 338

(D) (1) "Net profit" for a person who is an individual 339
means the individual's net profit required to be reported on 340
schedule C, schedule E, or schedule F reduced by any net 341
operating loss carried forward. For the purposes of division (D) 342
(1) of this section, the net operating loss carried forward 343
shall be calculated and deducted in the same manner as provided 344

in division (D) (3) of this section. 345

(2) "Net profit" for a person other than an individual 346
means adjusted federal taxable income reduced by any net 347
operating loss incurred by the person ~~in a taxable year~~ 348
~~beginning on or after January 1, 2017,~~ subject to the 349
limitations of division (D) (3) of this section. 350

(3) (a) The amount of such net operating loss shall be 351
deducted from net profit to the extent necessary to reduce 352
municipal taxable income to zero, with any remaining unused 353
portion of the net operating loss carried forward to ~~not more~~ 354
~~than five consecutive taxable years following the taxable year~~ 355
~~in which the loss was incurred, but in no case for more years~~ 356
~~than necessary for the deduction to be the next succeeding~~ 357
taxable year or years until fully utilized. 358

(b) No person shall use the deduction allowed by division 359
(D) (3) of this section to offset qualifying wages. 360

~~(c) (i) For taxable years beginning in 2018, 2019, 2020,~~ 361
~~2021, or 2022, a person may not deduct, for purposes of an~~ 362
~~income tax levied by a municipal corporation that levies an~~ 363
~~income tax before January 1, 2016, more than fifty per cent of~~ 364
~~the amount of the deduction otherwise allowed by division (D) (3)~~ 365
~~of this section.~~ 366

~~(ii) For taxable years beginning in 2023 or thereafter, a~~ 367
~~person may deduct, for purposes of an income tax levied by a~~ 368
~~municipal corporation that levies an income tax before January~~ 369
~~1, 2016, the full amount allowed by division (D) (3) of this~~ 370
~~section without regard to the limitation of division (D) (3) (c)~~ 371
~~(i) of this section.~~ 372

~~(d) Any pre-2017 net operating loss carryforward deduction~~ 373

~~that is available may be utilized before a taxpayer may deduct~~ 374
~~any amount pursuant to division (D) (3) of this section.~~ 375

~~(e) Nothing in division (D) (3) (c) (i) of this section~~ 376
~~precludes a person from carrying forward, for use with respect~~ 377
~~to any return filed for a taxable year beginning after 2018, any~~ 378
~~amount of net operating loss that was not fully utilized by~~ 379
~~operation of division (D) (3) (c) (i) of this section. To the~~ 380
~~extent that an amount of net operating loss that was not fully~~ 381
~~utilized in one or more taxable years by operation of division~~ 382
~~(D) (3) (c) (i) of this section is carried forward for use with~~ 383
~~respect to a return filed for a taxable year beginning in 2019,~~ 384
~~2020, 2021, or 2022, the limitation described in division (D) (3)~~ 385
~~(c) (i) of this section shall apply to the amount carried~~ 386
~~forward.~~ 387

(4) For the purposes of this chapter, and notwithstanding 388
division (D) (2) of this section, net profit of a disregarded 389
entity shall not be taxable as against that disregarded entity, 390
but shall instead be included in the net profit of the owner of 391
the disregarded entity. 392

(5) For the purposes of this chapter, and notwithstanding 393
any other provision of this chapter, the net profit of a 394
publicly traded partnership that makes the election described in 395
division (D) (5) of this section shall be taxed as if the 396
partnership were a C corporation, and shall not be treated as 397
the net profit or income of any owner of the partnership. 398

A publicly traded partnership that is treated as a 399
partnership for federal income tax purposes and that is subject 400
to tax on its net profits in one or more municipal corporations 401
in this state may elect to be treated as a C corporation for 402
municipal income tax purposes. The publicly traded partnership 403

shall make the election in every municipal corporation in which 404
the partnership is subject to taxation on its net profits. The 405
election shall be made on the annual tax return filed in each 406
such municipal corporation. The publicly traded partnership 407
shall not be required to file the election with any municipal 408
corporation in which the partnership is not subject to taxation 409
on its net profits, but division (D) (5) of this section applies 410
to all municipal corporations in which an individual owner of 411
the partnership resides. 412

(E) "Adjusted federal taxable income," for a person 413
required to file as a C corporation, or for a person that has 414
elected to be taxed as a C corporation under division (D) (5) of 415
this section, means a C corporation's federal taxable income 416
before net operating losses and special deductions as determined 417
under the Internal Revenue Code, adjusted as follows: 418

(1) Deduct intangible income to the extent included in 419
federal taxable income. The deduction shall be allowed 420
regardless of whether the intangible income relates to assets 421
used in a trade or business or assets held for the production of 422
income. 423

(2) Add an amount equal to five per cent of intangible 424
income deducted under division (E) (1) of this section, but 425
excluding that portion of intangible income directly related to 426
the sale, exchange, or other disposition of property described 427
in section 1221 of the Internal Revenue Code; 428

(3) Add any losses allowed as a deduction in the 429
computation of federal taxable income if the losses directly 430
relate to the sale, exchange, or other disposition of an asset 431
described in section 1221 or 1231 of the Internal Revenue Code; 432

(4) (a) Except as provided in division (E) (4) (b) of this 433
section, deduct income and gain included in federal taxable 434
income to the extent the income and gain directly relate to the 435
sale, exchange, or other disposition of an asset described in 436
section 1221 or 1231 of the Internal Revenue Code; 437

(b) Division (E) (4) (a) of this section does not apply to 438
the extent the income or gain is income or gain described in 439
section 1245 or 1250 of the Internal Revenue Code. 440

(5) Add taxes on or measured by net income allowed as a 441
deduction in the computation of federal taxable income; 442

(6) In the case of a real estate investment trust or 443
regulated investment company, add all amounts with respect to 444
dividends to, distributions to, or amounts set aside for or 445
credited to the benefit of investors and allowed as a deduction 446
in the computation of federal taxable income; 447

(7) Deduct, to the extent not otherwise deducted or 448
excluded in computing federal taxable income, any income derived 449
from a transfer agreement or from the enterprise transferred 450
under that agreement under section 4313.02 of the Revised Code; 451

(8) Deduct exempt income to the extent not otherwise 452
deducted or excluded in computing adjusted federal taxable 453
income. 454

(9) Deduct any net profit of a pass-through entity owned 455
directly or indirectly by the taxpayer and included in the 456
taxpayer's federal taxable income unless an affiliated group of 457
corporations includes that net profit in the group's federal 458
taxable income in accordance with division (E) (3) (b) of section 459
718.06 of the Revised Code. 460

(10) Add any loss incurred by a pass-through entity owned 461

directly or indirectly by the taxpayer and included in the 462
taxpayer's federal taxable income unless an affiliated group of 463
corporations includes that loss in the group's federal taxable 464
income in accordance with division (E) (3) (b) of section 718.06 465
of the Revised Code. 466

If the taxpayer is not a C corporation, is not a 467
disregarded entity that has made the election described in 468
division (L) (2) of this section, is not a publicly traded 469
partnership that has made the election described in division (D) 470
(5) of this section, and is not an individual, the taxpayer 471
shall compute adjusted federal taxable income under this section 472
as if the taxpayer were a C corporation, except guaranteed 473
payments and other similar amounts paid or accrued to a partner, 474
former partner, shareholder, former shareholder, member, or 475
former member shall not be allowed as a deductible expense 476
unless such payments are a pension or retirement benefit payment 477
paid to a retired partner, retired shareholder, or retired 478
member or are in consideration for the use of capital and 479
treated as payment of interest under section 469 of the Internal 480
Revenue Code or United States treasury regulations. Amounts paid 481
or accrued to a qualified self-employed retirement plan with 482
respect to a partner, former partner, shareholder, former 483
shareholder, member, or former member of the taxpayer, amounts 484
paid or accrued to or for health insurance for a partner, former 485
partner, shareholder, former shareholder, member, or former 486
member, and amounts paid or accrued to or for life insurance for 487
a partner, former partner, shareholder, former shareholder, 488
member, or former member shall not be allowed as a deduction. 489

Nothing in division (E) of this section shall be construed 490
as allowing the taxpayer to add or deduct any amount more than 491
once or shall be construed as allowing any taxpayer to deduct 492

any amount paid to or accrued for purposes of federal self- 493
employment tax. 494

(F) "Schedule C" means internal revenue service schedule C 495
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 496
Code. 497

(G) "Schedule E" means internal revenue service schedule E 498
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 499
Code. 500

(H) "Schedule F" means internal revenue service schedule F 501
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 502
Code. 503

(I) "Internal Revenue Code" has the same meaning as in 504
section 5747.01 of the Revised Code. 505

(J) "Resident" means an individual who is domiciled in the 506
municipal corporation as determined under section 718.012 of the 507
Revised Code. 508

(K) "Nonresident" means an individual that is not a 509
resident. 510

(L) (1) "Taxpayer" means a person subject to a tax levied 511
on income by a municipal corporation in accordance with this 512
chapter. "Taxpayer" does not include a grantor trust or, except 513
as provided in division (L) (2) (a) of this section, a disregarded 514
entity. 515

(2) (a) A single member limited liability company that is a 516
disregarded entity for federal tax purposes may be a separate 517
taxpayer from its single member in all Ohio municipal 518
corporations in which it either filed as a separate taxpayer or 519
did not file for its taxable year ending in 2003, if all of the 520

following conditions are met: 521

(i) The limited liability company's single member is also 522
a limited liability company. 523

(ii) The limited liability company and its single member 524
were formed and doing business in one or more Ohio municipal 525
corporations for at least five years before January 1, 2004. 526

(iii) Not later than December 31, 2004, the limited 527
liability company and its single member each made an election to 528
be treated as a separate taxpayer under division (L) of this 529
section as this section existed on December 31, 2004. 530

(iv) The limited liability company was not formed for the 531
purpose of evading or reducing Ohio municipal corporation income 532
tax liability of the limited liability company or its single 533
member. 534

(v) The Ohio municipal corporation that was the primary 535
place of business of the sole member of the limited liability 536
company consented to the election. 537

(b) For purposes of division (L) (2) (a) (v) of this section, 538
a municipal corporation was the primary place of business of a 539
limited liability company if, for the limited liability 540
company's taxable year ending in 2003, its income tax liability 541
was greater in that municipal corporation than in any other 542
municipal corporation in Ohio, and that tax liability to that 543
municipal corporation for its taxable year ending in 2003 was at 544
least four hundred thousand dollars. 545

(M) "Person" includes individuals, firms, companies, joint 546
stock companies, business trusts, estates, trusts, partnerships, 547
limited liability partnerships, limited liability companies, 548
associations, C corporations, S corporations, governmental 549

entities, and any other entity. 550

(N) "Pass-through entity" means a partnership not treated 551
as an association taxable as a C corporation for federal income 552
tax purposes, a limited liability company not treated as an 553
association taxable as a C corporation for federal income tax 554
purposes, an S corporation, or any other class of entity from 555
which the income or profits of the entity are given pass-through 556
treatment for federal income tax purposes. "Pass-through entity" 557
does not include a trust, estate, grantor of a grantor trust, or 558
disregarded entity. 559

(O) "S corporation" means a person that has made an 560
election under subchapter S of Chapter 1 of Subtitle A of the 561
Internal Revenue Code for its taxable year. 562

(P) "Single member limited liability company" means a 563
limited liability company that has one direct member. 564

(Q) "Limited liability company" means a limited liability 565
company formed under former Chapter 1705. of the Revised Code as 566
that chapter existed prior to February 11, 2022, Chapter 1706. 567
of the Revised Code, or the laws of another state. 568

(R) "Qualifying wages" means wages, as defined in section 569
3121(a) of the Internal Revenue Code, without regard to any wage 570
limitations, adjusted as follows: 571

(1) Deduct the following amounts: 572

(a) Any amount included in wages if the amount constitutes 573
compensation attributable to a plan or program described in 574
section 125 of the Internal Revenue Code. 575

(b) Any amount included in wages if the amount constitutes 576
payment on account of a disability related to sickness or an 577

accident paid by a party unrelated to the employer, agent of an 578
employer, or other payer. 579

(c) Any amount attributable to a nonqualified deferred 580
compensation plan or program described in section 3121(v) (2) (C) 581
of the Internal Revenue Code if the compensation is included in 582
wages and the municipal corporation has, by resolution or 583
ordinance adopted before January 1, 2016, exempted the amount 584
from withholding and tax. 585

(d) Any amount included in wages if the amount arises from 586
the sale, exchange, or other disposition of a stock option, the 587
exercise of a stock option, or the sale, exchange, or other 588
disposition of stock purchased under a stock option and the 589
municipal corporation has, by resolution or ordinance adopted 590
before January 1, 2016, exempted the amount from withholding and 591
tax. 592

(e) Any amount included in wages that is exempt income. 593

(2) Add the following amounts: 594

(a) Any amount not included in wages solely because the 595
employee was employed by the employer before April 1, 1986. 596

(b) Any amount not included in wages because the amount 597
arises from the sale, exchange, or other disposition of a stock 598
option, the exercise of a stock option, or the sale, exchange, 599
or other disposition of stock purchased under a stock option and 600
the municipal corporation has not, by resolution or ordinance, 601
exempted the amount from withholding and tax adopted before 602
January 1, 2016. Division (R) (2) (b) of this section applies only 603
to those amounts constituting ordinary income. 604

(c) Any amount not included in wages if the amount is an 605
amount described in section 401(k), 403(b), or 457 of the 606

Internal Revenue Code. Division (R) (2) (c) of this section 607
applies only to employee contributions and employee deferrals. 608

(d) Any amount that is supplemental unemployment 609
compensation benefits described in section 3402(o) (2) of the 610
Internal Revenue Code and not included in wages. 611

(e) Any amount received that is treated as self-employment 612
income for federal tax purposes in accordance with section 613
1402(a) (8) of the Internal Revenue Code. 614

(f) Any amount not included in wages if all of the 615
following apply: 616

(i) For the taxable year the amount is employee 617
compensation that is earned outside of the United States and 618
that either is included in the taxpayer's gross income for 619
federal income tax purposes or would have been included in the 620
taxpayer's gross income for such purposes if the taxpayer did 621
not elect to exclude the income under section 911 of the 622
Internal Revenue Code; 623

(ii) For no preceding taxable year did the amount 624
constitute wages as defined in section 3121(a) of the Internal 625
Revenue Code; 626

(iii) For no succeeding taxable year will the amount 627
constitute wages; and 628

(iv) For any taxable year the amount has not otherwise 629
been added to wages pursuant to either division (R) (2) of this 630
section or section 718.03 of the Revised Code, as that section 631
existed before the effective date of H.B. 5 of the 130th general 632
assembly, March 23, 2015. 633

(S) "Intangible income" means income of any of the 634

following types: income yield, interest, capital gains, 635
dividends, or other income arising from the ownership, sale, 636
exchange, or other disposition of intangible property including, 637
but not limited to, investments, deposits, money, or credits as 638
those terms are defined in Chapter 5701. of the Revised Code, 639
and patents, copyrights, trademarks, tradenames, investments in 640
real estate investment trusts, investments in regulated 641
investment companies, and appreciation on deferred compensation. 642
"Intangible income" does not include prizes, awards, or other 643
income associated with any lottery winnings, gambling winnings, 644
or other similar games of chance. 645

(T) "Taxable year" means the corresponding tax reporting 646
period as prescribed for the taxpayer under the Internal Revenue 647
Code. 648

(U) (1) "Tax administrator" means, subject to division (U) 649
(2) of this section, the individual charged with direct 650
responsibility for administration of an income tax levied by a 651
municipal corporation in accordance with this chapter, and also 652
includes the following: 653

(a) A municipal corporation acting as the agent of another 654
municipal corporation; 655

(b) A person retained by a municipal corporation to 656
administer a tax levied by the municipal corporation, but only 657
if the municipal corporation does not compensate the person in 658
whole or in part on a contingency basis; 659

(c) The central collection agency or the regional income 660
tax agency or their successors in interest, or another entity 661
organized to perform functions similar to those performed by the 662
central collection agency and the regional income tax agency. 663

(2) "Tax administrator" does not include the tax 664
commissioner. 665

(3) A private individual or entity serving in any position 666
described in division (U) (1) (b) or (c) of this section shall 667
have no access to criminal history record information. 668

(V) "Employer" means a person that is an employer for 669
federal income tax purposes. 670

(W) "Employee" means an individual who is an employee for 671
federal income tax purposes. 672

(X) "Other payer" means any person, other than an 673
individual's employer or the employer's agent, that pays an 674
individual any amount included in the federal gross income of 675
the individual. "Other payer" includes casino operators and 676
video lottery terminal sales agents. 677

(Y) "Calendar quarter" means the three-month period ending 678
on the last day of March, June, September, or December. 679

(Z) "Form 2106" means internal revenue service form 2106 680
filed by a taxpayer pursuant to the Internal Revenue Code. 681

(AA) "Municipal corporation" includes a joint economic 682
development district or joint economic development zone that 683
levies an income tax under section 715.691, 715.70, 715.71, or 684
715.72 of the Revised Code. 685

(BB) "Disregarded entity" means a single member limited 686
liability company, a qualifying subchapter S subsidiary, or 687
another entity if the company, subsidiary, or entity is a 688
disregarded entity for federal income tax purposes. 689

(CC) "Generic form" means an electronic or paper form that 690
is not prescribed by a particular municipal corporation and that 691

is designed for reporting taxes withheld by an employer, agent 692
of an employer, or other payer, estimated municipal income 693
taxes, or annual municipal income tax liability or for filing a 694
refund claim. 695

(DD) "Tax return preparer" means any individual described 696
in section 7701(a)(36) of the Internal Revenue Code and 26 697
C.F.R. 301.7701-15. 698

(EE) "Ohio business gateway" means the online computer 699
network system created under section 125.30 of the Revised Code 700
or any successor electronic filing and payment system. 701

(FF) "Local board of tax review" and "board of tax review" 702
mean the entity created under section 718.11 of the Revised 703
Code. 704

(GG) "Net operating loss" means a loss incurred by a 705
person in the operation of a trade or business. "Net operating 706
loss" does not include unutilized losses resulting from basis 707
limitations, at-risk limitations, or passive activity loss 708
limitations. 709

(HH) "Casino operator" and "casino facility" have the same 710
meanings as in section 3772.01 of the Revised Code. 711

(II) "Video lottery terminal" has the same meaning as in 712
section 3770.21 of the Revised Code. 713

(JJ) "Video lottery terminal sales agent" means a lottery 714
sales agent licensed under Chapter 3770. of the Revised Code to 715
conduct video lottery terminals on behalf of the state pursuant 716
to section 3770.21 of the Revised Code. 717

(KK) "Postal service" means the United States postal 718
service. 719

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

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

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

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

(1) An individual stockholder, or a member of the stockholder's family enumerated in section 318 of the Internal Revenue Code, if the stockholder and the members of the stockholder's family own directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock;

(2) A stockholder, or a stockholder's partnership, estate, trust, or corporation, if the stockholder and the stockholder's partnerships, estates, trusts, or corporations own directly, indirectly, beneficially, or constructively, in the aggregate,

at least fifty per cent of the value of the taxpayer's 749
outstanding stock; 750

(3) A corporation, or a party related to the corporation 751
in a manner that would require an attribution of stock from the 752
corporation to the party or from the party to the corporation 753
under division (00)(4) of this section, provided the taxpayer 754
owns directly, indirectly, beneficially, or constructively, at 755
least fifty per cent of the value of the corporation's 756
outstanding stock; 757

(4) The attribution rules described in section 318 of the 758
Internal Revenue Code apply for the purpose of determining 759
whether the ownership requirements in divisions (00)(1) to (3) 760
of this section have been met. 761

(PP)(1) "Assessment" means a written finding by the tax 762
administrator that a person has underpaid municipal income tax, 763
or owes penalty and interest, or any combination of tax, 764
penalty, or interest, to the municipal corporation that 765
commences the person's time limitation for making an appeal to 766
the local board of tax review pursuant to section 718.11 of the 767
Revised Code, and has "ASSESSMENT" written in all capital 768
letters at the top of such finding. 769

(2) "Assessment" does not include an informal notice 770
denying a request for refund issued under division (B)(3) of 771
section 718.19 of the Revised Code, a billing statement 772
notifying a taxpayer of current or past-due balances owed to the 773
municipal corporation, a tax administrator's request for 774
additional information, a notification to the taxpayer of 775
mathematical errors, or a tax administrator's other written 776
correspondence to a person or taxpayer that does not meet the 777
criteria prescribed by division (PP)(1) of this section. 778

(QQ) "Taxpayers' rights and responsibilities" means the 779
rights provided to taxpayers in sections 718.11, 718.12, 718.19, 780
718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the 781
Revised Code and the responsibilities of taxpayers to file, 782
report, withhold, remit, and pay municipal income tax and 783
otherwise comply with Chapter 718. of the Revised Code and 784
resolutions, ordinances, and rules adopted by a municipal 785
corporation for the imposition and administration of a municipal 786
income tax. 787

(RR) "Qualified municipal corporation" means a municipal 788
corporation that, by resolution or ordinance adopted on or 789
before December 31, 2011, adopted Ohio adjusted gross income, as 790
defined by section 5747.01 of the Revised Code, as the income 791
subject to tax for the purposes of imposing a municipal income 792
tax. 793

~~(SS) (1) "Pre-2017 net operating loss carryforward" means 794
any net operating loss incurred in a taxable year beginning 795
before January 1, 2017, to the extent such loss was permitted, 796
by a resolution or ordinance of the municipal corporation that 797
was adopted by the municipal corporation before January 1, 2016, 798
to be carried forward and utilized to offset income or net 799
profit generated in such municipal corporation in future taxable 800
years. 801~~

~~(2) For the purpose of calculating municipal taxable 802
income, any pre-2017 net operating loss carryforward may be 803
carried forward to any taxable year, including taxable years 804
beginning in 2017 or thereafter, for the number of taxable years 805
provided in the resolution or ordinance or until fully utilized, 806
whichever is earlier. (SS) "Retirement benefit plan" means an 807
arrangement whereby an entity provides benefits to individuals 808~~

either on or after their termination of service because of 809
retirement or disability. "Retirement benefit plan" does not 810
include wage continuation payments, severance payments, or 811
payments made for accrued personal or vacation time. 812

(TT) "Small employer" means any employer that had total 813
revenue of less than five hundred thousand dollars during the 814
preceding taxable year. For purposes of this division, "total 815
revenue" means receipts of any type or kind, including, but not 816
limited to, sales receipts; payments; rents; profits; gains, 817
dividends, and other investment income; compensation; 818
commissions; premiums; money; property; grants; contributions; 819
donations; gifts; program service revenue; patient service 820
revenue; premiums; fees, including premium fees and service 821
fees; tuition payments; unrelated business revenue; 822
reimbursements; any type of payment from a governmental unit, 823
including grants and other allocations; and any other similar 824
receipts reported for federal income tax purposes or under 825
generally accepted accounting principles. "Small employer" does 826
not include the federal government; any state government, 827
including any state agency or instrumentality; any political 828
subdivision; or any entity treated as a government for financial 829
accounting and reporting purposes. 830

(UU) "Audit" means the examination of a person or the 831
inspection of the books, records, memoranda, or accounts of a 832
person for the purpose of determining liability for a municipal 833
income tax. 834

(VV) "Publicly traded partnership" means any partnership, 835
an interest in which is regularly traded on an established 836
securities market. A "publicly traded partnership" may have any 837
number of partners. 838

(WW) "Tax commissioner" means the tax commissioner 839
appointed under section 121.03 of the Revised Code. 840

(XX) "Out-of-state disaster business," "qualifying 841
solicitation," "qualifying employee," "disaster work," "critical 842
infrastructure," and "disaster response period" have the same 843
meanings as in section 5703.94 of the Revised Code. 844

(YY) "Pension" means a retirement benefit plan, regardless 845
of whether the plan satisfies the qualifications described under 846
section 401(a) of the Internal Revenue Code, including amounts 847
that are taxable under the "Federal Insurance Contributions 848
Act," Chapter 21 of the Internal Revenue Code, excluding 849
employee contributions and elective deferrals, and regardless of 850
whether such amounts are paid in the same taxable year in which 851
the amounts are included in the employee's wages, as defined by 852
section 3121(a) of the Internal Revenue Code. 853

~~(ZZ) "Retirement benefit plan" means an arrangement 854
whereby an entity provides benefits to individuals either on or 855
after their termination of service because of retirement or 856
disability. "Retirement benefit plan" does not include wage 857
continuation payments, severance payments, or payments made for 858
accrued personal or vacation time. 859~~

Sec. 718.81. If a term used in sections 718.80 to 718.95 860
of the Revised Code that is not otherwise defined in this 861
chapter is used in a comparable context in both the laws of the 862
United States relating to federal income tax and in Title LVII 863
of the Revised Code and the use is not consistent, then the use 864
of the term in the laws of the United States relating to federal 865
income tax shall have control over the use of the term in Title 866
LVII of the Revised Code, unless the term is defined in Chapter 867
5703. of the Revised Code, in which case the definition in that 868

chapter shall control. Any reference in this chapter to the 869
Internal Revenue Code includes other laws of the United States 870
related to federal income taxes. If a term is defined in both 871
this section and section 718.01 of the Revised Code, the 872
definition in this section shall control for all uses of that 873
term in sections 718.80 through 718.95 of the Revised Code. 874

As used in sections 718.80 to 718.95 of the Revised Code 875
only: 876

(A) "Municipal taxable income" means income apportioned or 877
situated to the municipal corporation under section 718.82 of the 878
Revised Code, as applicable, ~~reduced by any pre-2017 net-~~ 879
~~operating loss carryforward available to the person for the~~ 880
~~municipal corporation.~~ 881

(B) "Adjusted federal taxable income," for a person 882
required to file as a C corporation, or for a person that has 883
elected to be taxed as a C corporation as described in division 884
(D) (5) of section 718.01 of the Revised Code, means a C 885
corporation's federal taxable income before net operating losses 886
and special deductions as determined under the Internal Revenue 887
Code, adjusted as follows: 888

(1) Deduct intangible income to the extent included in 889
federal taxable income. The deduction shall be allowed 890
regardless of whether the intangible income relates to assets 891
used in a trade or business or assets held for the production of 892
income. 893

(2) Add an amount equal to five per cent of intangible 894
income deducted under division (B) (1) of this section, but 895
excluding that portion of intangible income directly related to 896
the sale, exchange, or other disposition of property described 897

in section 1221 of the Internal Revenue Code. 898

(3) Add any losses allowed as a deduction in the 899
computation of federal taxable income if the losses directly 900
relate to the sale, exchange, or other disposition of an asset 901
described in section 1221 or 1231 of the Internal Revenue Code. 902

(4) (a) Except as provided in division (B) (4) (b) of this 903
section, deduct income and gain included in federal taxable 904
income to the extent the income and gain directly relate to the 905
sale, exchange, or other disposition of an asset described in 906
section 1221 or 1231 of the Internal Revenue Code. 907

(b) Division (B) (4) (a) of this section does not apply to 908
the extent the income or gain is income or gain described in 909
section 1245 or 1250 of the Internal Revenue Code. 910

(5) Add taxes on or measured by net income allowed as a 911
deduction in the computation of federal taxable income. 912

(6) In the case of a real estate investment trust or 913
regulated investment company, add all amounts with respect to 914
dividends to, distributions to, or amounts set aside for or 915
credited to the benefit of investors and allowed as a deduction 916
in the computation of federal taxable income. 917

(7) Deduct, to the extent not otherwise deducted or 918
excluded in computing federal taxable income, any income derived 919
from a transfer agreement or from the enterprise transferred 920
under that agreement under section 4313.02 of the Revised Code. 921

(8) Deduct exempt income to the extent not otherwise 922
deducted or excluded in computing adjusted federal taxable 923
income. 924

(9) Deduct any net profit of a pass-through entity owned 925

directly or indirectly by the taxpayer and included in the 926
taxpayer's federal taxable income unless an affiliated group of 927
corporations includes that net profit in the group's federal 928
taxable income in accordance with division (E) (3) (b) of section 929
718.86 of the Revised Code. 930

(10) Add any loss incurred by a pass-through entity owned 931
directly or indirectly by the taxpayer and included in the 932
taxpayer's federal taxable income unless an affiliated group of 933
corporations includes that loss in the group's federal taxable 934
income in accordance with division (E) (3) (b) of section 718.86 935
of the Revised Code. 936

If the taxpayer is not a C corporation, is not a 937
disregarded entity that has made the election described in 938
division (L) (2) of section 718.01 of the Revised Code, and is 939
not a publicly traded partnership that has made the election 940
described in division (D) (5) of section 718.01 of the Revised 941
Code, the taxpayer shall compute adjusted federal taxable income 942
under this section as if the taxpayer were a C corporation, 943
except guaranteed payments and other similar amounts paid or 944
accrued to a partner, former partner, shareholder, former 945
shareholder, member, or former member shall not be allowed as a 946
deductible expense unless such payments are a pension or 947
retirement benefit payment paid to a retired partner, retired 948
shareholder, or retired member or are in consideration for the 949
use of capital and treated as payment of interest under section 950
469 of the Internal Revenue Code or United States treasury 951
regulations. Amounts paid or accrued to a qualified self- 952
employed retirement plan with respect to a partner, former 953
partner, shareholder, former shareholder, member, or former 954
member of the taxpayer, amounts paid or accrued to or for health 955
insurance for a partner, former partner, shareholder, former 956

shareholder, member, or former member, and amounts paid or 957
accrued to or for life insurance for a partner, former partner, 958
shareholder, former shareholder, member, or former member shall 959
not be allowed as a deduction. 960

Nothing in division (B) of this section shall be construed 961
as allowing the taxpayer to add or deduct any amount more than 962
once or shall be construed as allowing any taxpayer to deduct 963
any amount paid to or accrued for purposes of federal self- 964
employment tax. 965

(C) "Taxpayer" has the same meaning as in section 718.01 966
of the Revised Code, except that "taxpayer" does not include 967
natural persons or entities subject to the tax imposed under 968
Chapter 5745. of the Revised Code. "Taxpayer" may include 969
receivers, assignees, or trustees in bankruptcy when such 970
persons are required to assume the role of a taxpayer. 971

(D) "Tax return" or "return" means the notifications and 972
reports required to be filed pursuant to sections 718.80 to 973
718.95 of the Revised Code for the purpose of reporting 974
municipal income taxes, and includes declarations of estimated 975
tax. 976

(E) "Assessment" means a notice of underpayment or 977
nonpayment of a tax issued pursuant to section 718.90 of the 978
Revised Code. 979

Sec. 718.84. (A) Any information gained as a result of 980
returns, investigations, hearings, or verifications required or 981
authorized by sections 718.80 to 718.95 of the Revised Code is 982
confidential, and no person shall disclose such information, 983
except for official purposes, in accordance with a proper 984
judicial order, or as provided in section 4123.271 or 5703.21 of 985

the Revised Code. The tax commissioner may furnish the internal 986
revenue service with copies of returns filed. This section does 987
not prohibit the publication of statistics in a form which does 988
not disclose information with respect to particular taxpayers. 989

(B) In May and December of each year, the tax commissioner 990
shall provide each tax administrator with the following 991
information for every taxpayer that had municipal taxable income 992
apportionable to the municipal corporation under this chapter on 993
tax returns filed with the commissioner under sections 718.80 to 994
718.95 of the Revised Code in the preceding five or seven 995
months, respectively: 996

(1) The taxpayer's name, address, and federal employer 997
identification number; 998

(2) The taxpayer's apportionment ratio for, and amount of 999
municipal taxable income apportionable to, the municipal 1000
corporation pursuant to section 718.82 of the Revised Code; 1001

~~(3) The amount of any pre-2017 net operating loss~~ 1002
~~carryforward utilized by the taxpayer;~~ 1003

~~(4)~~ Whether the taxpayer requested that any overpayment be 1004
carried forward to a future taxable year; 1005

~~(5)~~ (4) The amount of any credit claimed under section 1006
718.94 of the Revised Code. 1007

(C) Not later than thirty days after each distribution 1008
made to municipal corporations under section 718.83 of the 1009
Revised Code, the tax commissioner shall provide to each 1010
municipal corporation a report stating the name and federal 1011
identification number of every taxpayer that made estimated 1012
payments that are attributable to the municipal corporation and 1013
the amount of each such taxpayer's estimated payment. 1014

(D) Not later than the thirty-first day of January of each 1015
year, every municipal corporation having taxpayers that have 1016
made the election allowed under section 718.80 of the Revised 1017
Code shall provide to the tax commissioner, in a format 1018
prescribed by the commissioner, the name and mailing address of 1019
up to two persons to whom the municipal corporation requests 1020
that the commissioner send the information described in 1021
divisions (B) and (C) of this section. The commissioner shall 1022
not provide such information to any person other than a person 1023
who is designated to receive the information under this section 1024
and who is employed by the municipal corporation or by a tax 1025
administrator, as defined in section 718.01 of the Revised Code, 1026
that administers the municipal corporation's income tax, except 1027
as may otherwise be provided by law. 1028

(E) (1) The tax commissioner may adopt rules that further 1029
govern the terms and conditions under which tax returns filed 1030
with the commissioner under this chapter, and any other 1031
information gained in the performance of the commissioner's 1032
duties prescribed by this chapter, shall be available for 1033
inspection by properly authorized officers, employees, or agents 1034
of the municipal corporations to which the taxpayer's net profit 1035
is apportioned under section 718.82 of the Revised Code. 1036

(2) As used in this division, "properly authorized 1037
officer, employee, or agent" means an officer, employee, or 1038
agent of a municipal corporation who is authorized by charter or 1039
ordinance of the municipal corporation to view or possess 1040
information referred to in section 718.13 of the Revised Code. 1041

(F) (1) If, upon receiving the information described in 1042
division (B) of section 718.91 of the Revised Code or division 1043
(B) or (C) of this section, a municipal corporation discovers 1044

that it has additional information in its possession that could 1045
result in a change to a taxpayer's tax liability, the municipal 1046
corporation may refer the taxpayer to the tax commissioner for 1047
an audit. Such referral shall be made on a form prescribed by 1048
the commissioner and shall include any information that forms 1049
the basis for the referral. 1050

(2) Upon receipt of a referral under division (F) (1) of 1051
this section, the commissioner shall review the referral and may 1052
conduct an audit of the taxpayer that is the subject of the 1053
referral based on the information in the referral and any other 1054
relevant information available to the commissioner. 1055

(3) Nothing in division (F) of this section shall be 1056
construed as forming the sole basis upon which the commissioner 1057
may conduct an audit of a taxpayer. 1058

(4) Nothing in this chapter shall prohibit a municipal 1059
corporation from filing a writ of mandamus if the municipal 1060
corporation believes that the commissioner has violated the 1061
commissioner's fiduciary duty as the administrator of the tax 1062
levied by the municipal corporation. 1063

Section 2. That existing sections 718.01, 718.81, and 1064
718.84 of the Revised Code are hereby repealed. 1065

Section 3. The amendment by this act of sections 718.01, 1066
718.81, and 718.84 of the Revised Code applies to taxable years 1067
ending on or after the effective date of this section. 1068