

## As Introduced

136th General Assembly

Regular Session

2025-2026

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.

1  
2  
3  
4

## 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:

**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.

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19

Except as otherwise provided in section 718.81 of the

20

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 apportioned or sitused to the municipal corporation under section 718.02 of the Revised Code, as applicable, <del>reduced by any pre-2017 net operating loss carryforward available to the person for the municipal corporation.</del>	23 24 25 26 27
(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, <del>and 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.</del>	28 29 30 31 32 33 34
(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. 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.	35 36 37 38 39 40 41 42 43 44 45 46 47
(c) For an individual who is a nonresident of a municipal corporation, income reduced by exempt income to the extent	48 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 taxable year and the resident's distributive share of any net operating loss generated in the same taxable year and attributable to the resident's 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 or the resident's distributive share of any net profit attributable to the resident's ownership interest in a pass-through entity for that taxable year and the next ~~succeeding taxable year or years~~ until fully utilized, subject to division (B)(1)(d) of this section; 80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90

(ii) The resident's distributive share of the net profit of each pass-through entity owned directly or indirectly by the resident 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. 91  
92  
93  
94  
95  
96

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

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

(2) In the case of nonresidents, all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the nonresident for work done, services performed or rendered, or activities conducted in the municipal corporation, including any net profit of the nonresident, but excluding the nonresident's distributive share of the net profit or loss of only pass-through entities owned directly or indirectly by the nonresident.	110 111 112 113 114 115 116 117
(3) For taxpayers that are not individuals, net profit of the taxpayer;	118 119
(4) Lottery, sweepstakes, gambling and sports winnings, winnings from games of chance, and prizes and awards. If the taxpayer is a professional gambler for federal income tax purposes, the taxpayer may deduct related wagering losses and expenses to the extent authorized under the Internal Revenue Code and claimed against such winnings.	120 121 122 123 124 125
(C) "Exempt income" means all of the following:	126
(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. As used in division (C)(1) of this section, "armed forces" has the same meaning as in 10 U.S.C. 101.	127 128 129 130 131
(2) (a) Except as provided in division (C)(2)(b) of this section, intangible income;	132 133
(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	134 135 136 137 138

taxation of that type of intangible income after 1988 voted in favor thereof at an election held on November 8, 1988.	139 140
(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.	141 142 143 144 145 146 147 148
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.	149 150 151 152
(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.	153 154 155 156
(5) Compensation paid under section 3501.28 or 3501.36 of the Revised Code to a person serving as a precinct election official to the extent that such compensation does not exceed one thousand dollars for the taxable year. Such compensation in excess of one thousand dollars for the taxable year may be subject to taxation by a municipal corporation. A municipal corporation shall not require the payer of such compensation to withhold any tax from that compensation.	157 158 159 160 161 162 163 164
(6) Dues, contributions, and similar payments received by charitable, religious, educational, or literary organizations or labor unions, lodges, and similar organizations;	165 166 167

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

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

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

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

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

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

(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.

(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.	286 287 288 289 290
(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.	291 292 293 294 295
(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 performing services for the subdivision under a contract with the subdivision, if the property on which services are performed is annexed to a municipal corporation pursuant to section 709.023 of the Revised Code on or after March 27, 2013, unless the person is subject to such taxation because of residence. If the compensation is subject to taxation because of residence, municipal income tax shall be payable only to the municipal corporation of residence.	296 297 298 299 300 301 302 303 304 305 306 307
(19) In the case of a tax administered, collected, and enforced by a municipal corporation pursuant to an agreement with the board of directors of a joint economic development district under section 715.72 of the Revised Code, the net profits of a business, and the income of the employees of that business, exempted from the tax under division (Q) of that section.	308 309 310 311 312 313 314
(20) All of the following:	315

(a) Income derived from disaster work conducted in this state by an out-of-state disaster business during a disaster response period pursuant to a qualifying solicitation received by the business;	316 317 318 319
(b) Income of a qualifying employee described in division (A) (14) (a) of section 5703.94 of the Revised Code, to the extent such income is derived from disaster work conducted in this state by the employee during a disaster response period pursuant to a qualifying solicitation received by the employee's employer;	320 321 322 323 324 325
(c) Income of a qualifying employee described in division (A) (14) (b) of section 5703.94 of the Revised Code, to the extent such income is derived from disaster work conducted in this state by the employee during a disaster response period on critical infrastructure owned or used by the employee's employer.	326 327 328 329 330 331
(21) Income the taxation of which is prohibited by the constitution or laws of the United States.	332 333
Any item of income that is exempt income of a pass-through entity under division (C) of this section is exempt income of each owner of the pass-through entity to the extent of that owner's distributive or proportionate share of that item of the entity's income.	334 335 336 337 338
(D) (1) "Net profit" for a person who is an individual means the individual's net profit required to be reported on schedule C, schedule E, or schedule F reduced by any net operating loss carried forward. For the purposes of division (D) (1) of this section, the net operating loss carried forward shall be calculated and deducted in the same manner as provided	339 340 341 342 343 344

in division (D)(3) of this section.	345
(2) "Net profit" for a person other than an individual means adjusted federal taxable income reduced by any net operating loss incurred by the person <del>in a taxable year</del> <del>beginning on or after January 1, 2017</del> , subject to the limitations of division (D)(3) of this section.	346 347 348 349 350
(3) (a) The amount of such net operating loss shall be deducted from net profit to the extent necessary to reduce municipal taxable income to zero, with any remaining unused portion of the net operating loss carried forward to <del>not more</del> <del>than five consecutive taxable years following the taxable year</del> <del>in which the loss was incurred, but in no case for more years</del> <del>than necessary for the deduction to be the next succeeding</del> <del>taxable year or years until fully utilized.</del>	351 352 353 354 355 356 357 358
(b) No person shall use the deduction allowed by division (D)(3) of this section to offset qualifying wages.	359 360
(e) (i) <del>For taxable years beginning in 2018, 2019, 2020,</del> <del>2021, or 2022, a person may not deduct, for purposes of an</del> <del>income tax levied by a municipal corporation that levies an</del> <del>income tax before January 1, 2016, more than fifty per cent of</del> <del>the amount of the deduction otherwise allowed by division (D)(3)</del> <del>of this section.</del>	361 362 363 364 365 366
(ii) <del>For taxable years beginning in 2023 or thereafter, a</del> <del>person may deduct, for purposes of an income tax levied by a</del> <del>municipal corporation that levies an income tax before January</del> <del>1, 2016, the full amount allowed by division (D)(3) of this</del> <del>section without regard to the limitation of division (D)(3)(c)</del> <del>(i) of this section.</del>	367 368 369 370 371 372
(d) <del>Any pre-2017 net operating loss carryforward deduction</del>	373

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

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

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

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

A publicly traded partnership that is treated as a partnership for federal income tax purposes and that is subject to tax on its net profits in one or more municipal corporations in this state may elect to be treated as a C corporation for municipal income tax purposes. The publicly traded partnership 399  
400  
401  
402  
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 section, deduct income and gain included in federal taxable income to the extent the income and gain directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code;	433 434 435 436 437
(b) Division (E) (4) (a) of this section does not apply to the extent the income or gain is income or gain described in section 1245 or 1250 of the Internal Revenue Code.	438 439 440
(5) Add taxes on or measured by net income allowed as a deduction in the computation of federal taxable income;	441 442
(6) In the case of a real estate investment trust or regulated investment company, add all amounts with respect to dividends to, distributions to, or amounts set aside for or credited to the benefit of investors and allowed as a deduction in the computation of federal taxable income;	443 444 445 446 447
(7) Deduct, to the extent not otherwise deducted or excluded in computing federal taxable income, any income derived from a transfer agreement or from the enterprise transferred under that agreement under section 4313.02 of the Revised Code;	448 449 450 451
(8) Deduct exempt income to the extent not otherwise deducted or excluded in computing adjusted federal taxable income.	452 453 454
(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.	455 456 457 458 459 460
(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-employment tax.	493
	494
(F) "Schedule C" means internal revenue service schedule C (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	495
	496
	497
(G) "Schedule E" means internal revenue service schedule E (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	498
	499
	500
(H) "Schedule F" means internal revenue service schedule F (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	501
	502
	503
(I) "Internal Revenue Code" has the same meaning as in section 5747.01 of the Revised Code.	504
	505
(J) "Resident" means an individual who is domiciled in the municipal corporation as determined under section 718.012 of the Revised Code.	506
	507
	508
(K) "Nonresident" means an individual that is not a resident.	509
	510
(L) (1) "Taxpayer" means a person subject to a tax levied on income by a municipal corporation in accordance with this chapter. "Taxpayer" does not include a grantor trust or, except as provided in division (L) (2) (a) of this section, a disregarded entity.	511
	512
	513
	514
	515
(2) (a) A single member limited liability company that is a disregarded entity for federal tax purposes may be a separate taxpayer from its single member in all Ohio municipal corporations in which it either filed as a separate taxpayer or did not file for its taxable year ending in 2003, if all of the	516
	517
	518
	519
	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 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.	551 552 553 554 555 556 557 558 559
(O) "S corporation" means a person that has made an election under subchapter S of Chapter 1 of Subtitle A of the Internal Revenue Code for its taxable year.	560 561 562
(P) "Single member limited liability company" means a limited liability company that has one direct member.	563 564
(Q) "Limited liability company" means a limited liability company formed under former Chapter 1705. of the Revised Code as that chapter existed prior to February 11, 2022, Chapter 1706. of the Revised Code, or the laws of another state.	565 566 567 568
(R) "Qualifying wages" means wages, as defined in section 3121(a) of the Internal Revenue Code, without regard to any wage limitations, adjusted as follows:	569 570 571
(1) Deduct the following amounts:	572
(a) Any amount included in wages if the amount constitutes compensation attributable to a plan or program described in section 125 of the Internal Revenue Code.	573 574 575
(b) Any amount included in wages if the amount constitutes payment on account of a disability related to sickness or an	576 577

accident paid by a party unrelated to the employer, agent of an employer, or other payer.	578 579
(c) Any amount attributable to a nonqualified deferred compensation plan or program described in section 3121(v) (2) (C) of the Internal Revenue Code if the compensation is included in wages and the municipal corporation has, by resolution or ordinance adopted before January 1, 2016, exempted the amount from withholding and tax.	580 581 582 583 584 585
(d) Any amount included in wages if 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, by resolution or ordinance adopted before January 1, 2016, exempted the amount from withholding and tax.	586 587 588 589 590 591 592
(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 employee was employed by the employer before April 1, 1986.	595 596
(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.	597 598 599 600 601 602 603 604
(c) Any amount not included in wages if the amount is an amount described in section 401(k), 403(b), or 457 of the	605 606

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, dividends, or other income arising from the ownership, sale, exchange, or other disposition of intangible property including, but not limited to, investments, deposits, money, or credits as those terms are defined in Chapter 5701. of the Revised Code, and patents, copyrights, trademarks, tradenames, investments in real estate investment trusts, investments in regulated investment companies, and appreciation on deferred compensation.	635 636 637 638 639 640 641 642 643 644 645
"Intangible income" does not include prizes, awards, or other income associated with any lottery winnings, gambling winnings, or other similar games of chance.	646 647 648
(T) "Taxable year" means the corresponding tax reporting period as prescribed for the taxpayer under the Internal Revenue Code.	649 650 651 652 653
(U) (1) "Tax administrator" means, subject to division (U) (2) of this section, the individual charged with direct responsibility for administration of an income tax levied by a municipal corporation in accordance with this chapter, and also includes the following:	654 655
(a) A municipal corporation acting as the agent of another municipal corporation;	656 657 658 659
(b) A person retained by a municipal corporation to administer a tax levied by the municipal corporation, but only if the municipal corporation does not compensate the person in whole or in part on a contingency basis;	660 661 662 663
(c) The central collection agency or the regional income tax agency or their successors in interest, or another entity organized to perform functions similar to those performed by the central collection agency and the regional income tax agency.	664 665 666 667

(2) "Tax administrator" does not include the tax commissioner.	664 665
(3) A private individual or entity serving in any position described in division (U)(1)(b) or (c) of this section shall have no access to criminal history record information.	666 667 668
(V) "Employer" means a person that is an employer for federal income tax purposes.	669 670
(W) "Employee" means an individual who is an employee for federal income tax purposes.	671 672
(X) "Other payer" means any person, other than an individual's employer or the employer's agent, that pays an individual any amount included in the federal gross income of the individual. "Other payer" includes casino operators and video lottery terminal sales agents.	673 674 675 676 677
(Y) "Calendar quarter" means the three-month period ending on the last day of March, June, September, or December.	678 679
(Z) "Form 2106" means internal revenue service form 2106 filed by a taxpayer pursuant to the Internal Revenue Code.	680 681
(AA) "Municipal corporation" includes a joint economic development district or joint economic development zone that levies an income tax under section 715.691, 715.70, 715.71, or 715.72 of the Revised Code.	682 683 684 685
(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.	686 687 688 689
(CC) "Generic form" means an electronic or paper form that is not prescribed by a particular municipal corporation and that	690 691

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.	692 693 694 695
(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.	696 697 698
(EE) "Ohio business gateway" means the online computer network system created under section 125.30 of the Revised Code or any successor electronic filing and payment system.	699 700 701
(FF) "Local board of tax review" and "board of tax review" mean the entity created under section 718.11 of the Revised Code.	702 703 704
(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.	705 706 707 708 709
(HH) "Casino operator" and "casino facility" have the same meanings as in section 3772.01 of the Revised Code.	710 711
(II) "Video lottery terminal" has the same meaning as in section 3770.21 of the Revised Code.	712 713
(JJ) "Video lottery terminal sales agent" means a lottery sales agent licensed under Chapter 3770. of the Revised Code to conduct video lottery terminals on behalf of the state pursuant to section 3770.21 of the Revised Code.	714 715 716 717
(KK) "Postal service" means the United States postal service.	718 719

(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.	720 721 722 723
(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.	724 725 726 727
(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.	728 729 730 731 732 733 734 735 736 737
(OO) "Related entity" means any of the following:	738
(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;	739 740 741 742 743 744
(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,	745 746 747 748

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

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

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

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

(2) "Assessment" does not include an informal notice  
denying a request for refund issued under division (B)(3) of  
section 718.19 of the Revised Code, a billing statement  
notifying a taxpayer of current or past-due balances owed to the  
municipal corporation, a tax administrator's request for  
additional information, a notification to the taxpayer of  
mathematical errors, or a tax administrator's other written  
correspondence to a person or taxpayer that does not meet the  
criteria prescribed by division (PP)(1) of this section. 770  
771  
772  
773  
774  
775  
776  
777  
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) <u>"Pre-2017 net operating loss carryforward"</u> means	794
<u>any net operating loss incurred in a taxable year beginning</u>	795
<u>before January 1, 2017, to the extent such loss was permitted,</u>	796
<u>by a resolution or ordinance of the municipal corporation that</u>	797
<u>was adopted by the municipal corporation before January 1, 2016,</u>	798
<u>to be carried forward and utilized to offset income or net</u>	799
<u>profit generated in such municipal corporation in future taxable</u>	800
<u>years.</u>	801
(2) <u>For the purpose of calculating municipal taxable</u>	802
<u>income, any pre-2017 net operating loss carryforward may be</u>	803
<u>carried forward to any taxable year, including taxable years</u>	804
<u>beginning in 2017 or thereafter, for the number of taxable years</u>	805
<u>provided in the resolution or ordinance or until fully utilized,</u>	806
<u>whichever is earlier.</u> (SS) "Retirement benefit plan" means an	807
<u>arrangement whereby an entity provides benefits to individuals</u>	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  
appointed under section 121.03 of the Revised Code. 839  
840

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

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

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

**Sec. 718.81.** If a term used in sections 718.80 to 718.95  
of the Revised Code 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 have control over the use of the term in Title  
LVII of the Revised Code, unless the term is defined in Chapter  
5703. of the Revised Code, in which case the definition in that 860  
861  
862  
863  
864  
865  
866  
867  
868

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

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

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

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

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

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

in section 1221 of the Internal Revenue Code.	898
(3) Add any losses allowed as a deduction in the computation of federal taxable income if the losses directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code.	899 900 901 902
(4) (a) Except as provided in division (B) (4) (b) of this section, deduct income and gain included in federal taxable income to the extent the income and gain directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code.	903 904 905 906 907
(b) Division (B) (4) (a) of this section does not apply to the extent the income or gain is income or gain described in section 1245 or 1250 of the Internal Revenue Code.	908 909 910
(5) Add taxes on or measured by net income allowed as a deduction in the computation of federal taxable income.	911 912
(6) In the case of a real estate investment trust or regulated investment company, add all amounts with respect to dividends to, distributions to, or amounts set aside for or credited to the benefit of investors and allowed as a deduction in the computation of federal taxable income.	913 914 915 916 917
(7) Deduct, to the extent not otherwise deducted or excluded in computing federal taxable income, any income derived from a transfer agreement or from the enterprise transferred under that agreement under section 4313.02 of the Revised Code.	918 919 920 921
(8) Deduct exempt income to the extent not otherwise deducted or excluded in computing adjusted federal taxable income.	922 923 924
(9) Deduct any net profit of a pass-through entity owned	925

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  
718.86 of the Revised Code. 926  
927  
928  
929  
930

(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 718.86  
of the Revised Code. 931  
932  
933  
934  
935  
936

If the taxpayer is not a C corporation, is not a  
disregarded entity that has made the election described in  
division (L) (2) of section 718.01 of the Revised Code, and is  
not a publicly traded partnership that has made the election  
described in division (D) (5) of section 718.01 of the Revised  
Code, 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 a pension or  
retirement benefit payment paid to a retired partner, retired  
shareholder, or retired member or 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 937  
938  
939  
940  
941  
942  
943  
944  
945  
946  
947  
948  
949  
950  
951  
952  
953  
954  
955  
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
<b>Sec. 718.84.</b> (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  
revenue service with copies of returns filed. This section does  
not prohibit the publication of statistics in a form which does  
not disclose information with respect to particular taxpayers. 986  
987  
988  
989

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

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

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

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

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

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

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

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

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

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

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