

As Introduced

**132nd General Assembly
Regular Session
2017-2018**

S. B. No. 176

Senator Jordan

A BILL

To amend sections 709.023, 718.01, 718.02, 718.03, 1
718.04, 718.05, and 718.16 and to repeal 2
sections 718.011 and 718.50 of the Revised Code 3
to prohibit municipal corporations from levying 4
an income tax on nonresidents' compensation for 5
personal services or on net profits from a sole 6
proprietorship owned by a nonresident. 7

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

Section 1. That sections 709.023, 718.01, 718.02, 718.03, 8
718.04, 718.05, and 718.16 of the Revised Code be amended to 9
read as follows: 10

Sec. 709.023. (A) A petition filed under section 709.021 11
of the Revised Code that requests to follow this section is for 12
the special procedure of annexing land into a municipal 13
corporation when, subject to division (H) of this section, the 14
land also is not to be excluded from the township under section 15
503.07 of the Revised Code. The owners who sign this petition by 16
their signature expressly waive their right to appeal in law or 17
equity from the board of county commissioners' entry of any 18
resolution under this section, waive any rights they may have to 19

sue on any issue relating to a municipal corporation requiring a 20
buffer as provided in this section, and waive any rights to seek 21
a variance that would relieve or exempt them from that buffer 22
requirement. 23

The petition circulated to collect signatures for the 24
special procedure in this section shall contain in boldface 25
capital letters immediately above the heading of the place for 26
signatures on each part of the petition the following: "WHOEVER 27
SIGNS THIS PETITION EXPRESSLY WAIVES THEIR RIGHT TO APPEAL IN 28
LAW OR EQUITY FROM THE BOARD OF COUNTY COMMISSIONERS' ENTRY OF 29
ANY RESOLUTION PERTAINING TO THIS SPECIAL ANNEXATION PROCEDURE, 30
ALTHOUGH A WRIT OF MANDAMUS MAY BE SOUGHT TO COMPEL THE BOARD TO 31
PERFORM ITS DUTIES REQUIRED BY LAW FOR THIS SPECIAL ANNEXATION 32
PROCEDURE." 33

(B) Upon the filing of the petition in the office of the 34
clerk of the board of county commissioners, the clerk shall 35
cause the petition to be entered upon the board's journal at its 36
next regular session. This entry shall be the first official act 37
of the board on the petition. Within five days after the filing 38
of the petition, the agent for the petitioners shall notify in 39
the manner and form specified in this division the clerk of the 40
legislative authority of the municipal corporation to which 41
annexation is proposed, the fiscal officer of each township any 42
portion of which is included within the territory proposed for 43
annexation, the clerk of the board of county commissioners of 44
each county in which the territory proposed for annexation is 45
located other than the county in which the petition is filed, 46
and the owners of property adjacent to the territory proposed 47
for annexation or adjacent to a road that is adjacent to that 48
territory and located directly across that road from that 49
territory. The notice shall refer to the time and date when the 50

petition was filed and the county in which it was filed and 51
shall have attached or shall be accompanied by a copy of the 52
petition and any attachments or documents accompanying the 53
petition as filed. 54

Notice to a property owner is sufficient if sent by 55
regular United States mail to the tax mailing address listed on 56
the county auditor's records. Notice to the appropriate 57
government officer shall be given by certified mail, return 58
receipt requested, or by causing the notice to be personally 59
served on the officer, with proof of service by affidavit of the 60
person who delivered the notice. Proof of service of the notice 61
on each appropriate government officer shall be filed with the 62
board of county commissioners with which the petition was filed. 63

(C) Within twenty days after the date that the petition is 64
filed, the legislative authority of the municipal corporation to 65
which annexation is proposed shall adopt an ordinance or 66
resolution stating what services the municipal corporation will 67
provide, and an approximate date by which it will provide them, 68
to the territory proposed for annexation, upon annexation. The 69
municipal corporation is entitled in its sole discretion to 70
provide to the territory proposed for annexation, upon 71
annexation, services in addition to the services described in 72
that ordinance or resolution. 73

If the territory proposed for annexation is subject to 74
zoning regulations adopted under either Chapter 303. or 519. of 75
the Revised Code at the time the petition is filed, the 76
legislative authority of the municipal corporation also shall 77
adopt an ordinance or resolution stating that, if the territory 78
is annexed and becomes subject to zoning by the municipal 79
corporation and that municipal zoning permits uses in the 80

annexed territory that the municipal corporation determines are 81
clearly incompatible with the uses permitted under current 82
county or township zoning regulations in the adjacent land 83
remaining within the township from which the territory was 84
annexed, the legislative authority of the municipal corporation 85
will require, in the zoning ordinance permitting the 86
incompatible uses, the owner of the annexed territory to provide 87
a buffer separating the use of the annexed territory and the 88
adjacent land remaining within the township. For the purposes of 89
this section, "buffer" includes open space, landscaping, fences, 90
walls, and other structured elements; streets and street rights- 91
of-way; and bicycle and pedestrian paths and sidewalks. 92

The clerk of the legislative authority of the municipal 93
corporation to which annexation is proposed shall file the 94
ordinances or resolutions adopted under this division with the 95
board of county commissioners within twenty days following the 96
date that the petition is filed. The board shall make these 97
ordinances or resolutions available for public inspection. 98

(D) Within twenty-five days after the date that the 99
petition is filed, the legislative authority of the municipal 100
corporation to which annexation is proposed and each township 101
any portion of which is included within the territory proposed 102
for annexation may adopt and file with the board of county 103
commissioners an ordinance or resolution consenting or objecting 104
to the proposed annexation. An objection to the proposed 105
annexation shall be based solely upon the petition's failure to 106
meet the conditions specified in division (E) of this section. 107

If the municipal corporation and each of those townships 108
timely files an ordinance or resolution consenting to the 109
proposed annexation, the board at its next regular session shall 110

enter upon its journal a resolution granting the proposed 111
annexation. If, instead, the municipal corporation or any of 112
those townships files an ordinance or resolution that objects to 113
the proposed annexation, the board of county commissioners shall 114
proceed as provided in division (E) of this section. Failure of 115
the municipal corporation or any of those townships to timely 116
file an ordinance or resolution consenting or objecting to the 117
proposed annexation shall be deemed to constitute consent by 118
that municipal corporation or township to the proposed 119
annexation. 120

(E) Unless the petition is granted under division (D) of 121
this section, not less than thirty or more than forty-five days 122
after the date that the petition is filed, the board of county 123
commissioners shall review it to determine if each of the 124
following conditions has been met: 125

(1) The petition meets all the requirements set forth in, 126
and was filed in the manner provided in, section 709.021 of the 127
Revised Code. 128

(2) The persons who signed the petition are owners of the 129
real estate located in the territory proposed for annexation and 130
constitute all of the owners of real estate in that territory. 131

(3) The territory proposed for annexation does not exceed 132
five hundred acres. 133

(4) The territory proposed for annexation shares a 134
contiguous boundary with the municipal corporation to which 135
annexation is proposed for a continuous length of at least five 136
per cent of the perimeter of the territory proposed for 137
annexation. 138

(5) The annexation will not create an unincorporated area 139

of the township that is completely surrounded by the territory 140
proposed for annexation. 141

(6) The municipal corporation to which annexation is 142
proposed has agreed to provide to the territory proposed for 143
annexation the services specified in the relevant ordinance or 144
resolution adopted under division (C) of this section. 145

(7) If a street or highway will be divided or segmented by 146
the boundary line between the township and the municipal 147
corporation as to create a road maintenance problem, the 148
municipal corporation to which annexation is proposed has agreed 149
as a condition of the annexation to assume the maintenance of 150
that street or highway or to otherwise correct the problem. As 151
used in this section, "street" or "highway" has the same meaning 152
as in section 4511.01 of the Revised Code. 153

(F) Not less than thirty or more than forty-five days 154
after the date that the petition is filed, if the petition is 155
not granted under division (D) of this section, the board of 156
county commissioners, if it finds that each of the conditions 157
specified in division (E) of this section has been met, shall 158
enter upon its journal a resolution granting the annexation. If 159
the board of county commissioners finds that one or more of the 160
conditions specified in division (E) of this section have not 161
been met, it shall enter upon its journal a resolution that 162
states which of those conditions the board finds have not been 163
met and that denies the petition. 164

(G) If a petition is granted under division (D) or (F) of 165
this section, the clerk of the board of county commissioners 166
shall proceed as provided in division (C)(1) of section 709.033 167
of the Revised Code, except that no recording or hearing 168
exhibits would be involved. There is no appeal in law or equity 169

from the board's entry of any resolution under this section, but 170
any party may seek a writ of mandamus to compel the board of 171
county commissioners to perform its duties under this section. 172

(H) Notwithstanding anything to the contrary in section 173
503.07 of the Revised Code, unless otherwise provided in an 174
annexation agreement entered into pursuant to section 709.192 of 175
the Revised Code or in a cooperative economic development 176
agreement entered into pursuant to section 701.07 of the Revised 177
Code, territory annexed into a municipal corporation pursuant to 178
this section shall not at any time be excluded from the township 179
under section 503.07 of the Revised Code and, thus, remains 180
subject to the township's real property taxes. 181

(I) Any owner of land that remains within a township and 182
that is adjacent to territory annexed pursuant to this section 183
who is directly affected by the failure of the annexing 184
municipal corporation to enforce compliance with any zoning 185
ordinance it adopts under division (C) of this section requiring 186
the owner of the annexed territory to provide a buffer zone, may 187
commence in the court of common pleas a civil action against 188
that owner to enforce compliance with that buffer requirement 189
whenever the required buffer is not in place before any 190
development of the annexed territory begins. 191

~~(J) Division (C) (18) of section 718.01 of the Revised Code 192
applies to the compensation paid to persons performing personal 193
services for a political subdivision on property owned by the 194
political subdivision after that property is annexed to a 195
municipal corporation under this section. 196~~

Sec. 718.01. Any term used in this chapter that is not 197
otherwise defined in this chapter has the same meaning as when 198
used in a comparable context in laws of the United States 199

relating to federal income taxation or in Title LVII of the Revised Code, unless a different meaning is clearly required. 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.

As used in this chapter:

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

(a) For a person other than an individual, income reduced by exempt income to the extent otherwise included in income and then, as applicable, apportioned or situated to the municipal corporation under section 718.02 of the Revised Code, and further reduced by any pre-2017 net operating loss carryforward available to the person for the municipal corporation.

(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, 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.

(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— 229
who are not residents of the qualified municipal corporation and— 230
net profit of persons that are not wholly located within the— 231
qualified municipal corporation, such individual or person shall— 232
have no municipal taxable income for the purposes of the tax— 233
levied by the qualified municipal corporation and may be— 234
exempted by the qualified municipal corporation from the— 235
requirements of section 718.03 of the Revised Code.— 236~~

~~(c) For an individual who is a nonresident of a municipal— 237
corporation, income reduced by exempt income to the extent— 238
otherwise included in income and then, as applicable,— 239
apportioned or situated to the municipal corporation under— 240
section 718.02 of the Revised Code, then reduced as provided in— 241
division (A) (2) of this section, and further reduced by any pre— 242
2017 net operating loss carryforward available to the individual— 243
for the municipal corporation.— 244~~

(2) In computing the municipal taxable income of a 245
taxpayer who is an individual, the taxpayer may subtract, as 246
provided in division (A) (1) (b) (i) ~~or (c)~~ of this section, the 247
amount of the individual's employee business expenses reported 248
on the individual's form 2106 that the individual deducted for 249
federal income tax purposes for the taxable year, subject to the 250
limitation imposed by section 67 of the Internal Revenue Code. 251
~~For the municipal corporation in which the taxpayer is a— 252
resident, the taxpayer may deduct all such expenses allowed for— 253
federal income tax purposes. For a municipal corporation in— 254
which the taxpayer is not a resident, the taxpayer may deduct— 255
such expenses only to the extent the expenses are related to the— 256
taxpayer's performance of personal services in that nonresident— 257
municipal corporation.— 258~~

(B) "Income" means the following:	259
(1) (a) For residents <u>individuals</u> , all income, salaries,	260
qualifying wages, commissions, and other compensation from	261
whatever source earned or received by the resident <u>individual</u> ,	262
including the resident's <u>individual's</u> distributive share of the	263
net profit of pass-through entities owned directly or indirectly	264
by the resident <u>individual</u> and any net profit of the	265
resident <u>individual</u> , except as provided in division (D) (4) of	266
this section.	267
(b) For the purposes of division (B) (1) (a) of this	268
section:	269
(i) Any net operating loss of the resident <u>individual</u>	270
incurred in the taxable year and the resident's <u>individual's</u>	271
distributive share of any net operating loss generated in the	272
same taxable year and attributable to the resident's	273
<u>individual's</u> ownership interest in a pass-through entity shall	274
be allowed as a deduction, for that taxable year and the	275
following five taxable years, against any other net profit of	276
the resident <u>individual</u> or the resident's <u>individual's</u>	277
distributive share of any net profit attributable to the	278
resident's <u>individual's</u> ownership interest in a pass-through	279
entity until fully utilized, subject to division (B) (1) (d) of	280
this section;	281
(ii) The resident's <u>individual's</u> distributive share of the	282
net profit of each pass-through entity owned directly or	283
indirectly by the resident <u>individual</u> shall be calculated	284
without regard to any net operating loss that is carried forward	285
by that entity from a prior taxable year and applied to reduce	286
the entity's net profit for the current taxable year.	287

(c) Division (B) (1) (b) of this section does not apply with 288
respect to any net profit or net operating loss attributable to 289
an ownership interest in an S corporation unless shareholders' 290
distributive shares of net profits from S corporations are 291
subject to tax in the municipal corporation as provided in 292
division (C) (14) (b) or (c) of this section. 293

(d) Any amount of a net operating loss used to reduce a 294
taxpayer's net profit for a taxable year shall reduce the amount 295
of net operating loss that may be carried forward to any 296
subsequent year for use by that taxpayer. In no event shall the 297
cumulative deductions for all taxable years with respect to a 298
taxpayer's net operating loss exceed the original amount of that 299
net operating loss available to that taxpayer. 300

~~(2) In the case of nonresidents, all income, salaries, 301
qualifying wages, commissions, and other compensation from 302
whatever source earned or received by the nonresident for work 303
done, services performed or rendered, or activities conducted in 304
the municipal corporation, including any net profit of the 305
nonresident, but excluding the nonresident's distributive share 306
of the net profit or loss of only pass-through entities owned 307
directly or indirectly by the nonresident. 308~~

~~(3) For taxpayers that are not individuals, net profit of 309
the taxpayer; 310~~

~~(4) (3) Lottery, sweepstakes, gambling and sports 311
winnings, winnings from games of chance, and prizes and awards. 312
If the taxpayer is a professional gambler for federal income tax 313
purposes, the taxpayer may deduct related wagering losses and 314
expenses to the extent authorized under the Internal Revenue 315
Code and claimed against such winnings. 316~~

(C) "Exempt income" means all of the following:	317
(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;	318 319 320
(2) (a) Except as provided in division (C) (2) (b) of this section, intangible income;	321 322
(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 taxation of that type of intangible income after 1988 voted in favor thereof at an election held on November 8, 1988.	323 324 325 326 327 328 329
(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. 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.	330 331 332 333 334 335 336 337 338 339 340 341
(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.	342 343 344 345

(5) Compensation paid under section 3501.28 or 3501.36 of 346
the Revised Code to a person serving as a precinct election 347
official to the extent that such compensation does not exceed 348
one thousand dollars for the taxable year. Such compensation in 349
excess of one thousand dollars for the taxable year may be 350
subject to taxation by a municipal corporation. A municipal 351
corporation shall not require the payer of such compensation to 352
withhold any tax from that compensation. 353

(6) Dues, contributions, and similar payments received by 354
charitable, religious, educational, or literary organizations or 355
labor unions, lodges, and similar organizations; 356

(7) Alimony and child support received; 357

(8) Compensation for personal injuries or for damages to 358
property from insurance proceeds or otherwise, excluding 359
compensation paid for lost salaries or wages or compensation 360
from punitive damages; 361

(9) Income of a public utility when that public utility is 362
subject to the tax levied under section 5727.24 or 5727.30 of 363
the Revised Code. Division (C) (9) of this section does not apply 364
for purposes of Chapter 5745. of the Revised Code. 365

(10) Gains from involuntary conversions, interest on 366
federal obligations, items of income subject to a tax levied by 367
the state and that a municipal corporation is specifically 368
prohibited by law from taxing, and income of a decedent's estate 369
during the period of administration except such income from the 370
operation of a trade or business; 371

(11) Compensation or allowances excluded from federal 372
gross income under section 107 of the Internal Revenue Code; 373

(12) Employee compensation that is not qualifying wages as 374

defined in division (R) of this section; 375

(13) (a) Compensation for personal services paid to a 376
~~person employed within the boundaries of a United States air~~ 377
~~force base under the jurisdiction of the United States air force~~ 378
~~that is used for the housing of members of the United States air~~ 379
~~force and is a center for air force operations, unless the~~ 380
~~person is subject to taxation because of residence or domicile.~~ 381
~~If the compensation is subject to taxation because of residence~~ 382
~~or domicile, tax on such income shall be payable only to the~~ 383
~~municipal corporation of residence or domicile~~nonresident 384
individual; 385

(b) The net profit received by a nonresident individual 386
from a business or profession operated as a sole proprietorship. 387

(14) (a) Except as provided in division (C) (14) (b) or (c) 388
of this section, an S corporation shareholder's distributive 389
share of net profits of the S corporation, other than any part 390
of the distributive share of net profits that represents wages 391
as defined in section 3121(a) of the Internal Revenue Code or 392
net earnings from self-employment as defined in section 1402(a) 393
of the Internal Revenue Code. 394

(b) If, pursuant to division (H) of former section 718.01 395
of the Revised Code as it existed before March 11, 2004, a 396
majority of the electors of a municipal corporation voted in 397
favor of the question at an election held on November 4, 2003, 398
the municipal corporation may continue after 2002 to tax an S 399
corporation shareholder's distributive share of net profits of 400
an S corporation. 401

(c) If, on December 6, 2002, a municipal corporation was 402
imposing, assessing, and collecting a tax on an S corporation 403

shareholder's distributive share of net profits of the S 404
corporation to the extent the distributive share would be 405
allocated or apportioned to this state under divisions (B) (1) 406
and (2) of section 5733.05 of the Revised Code if the S 407
corporation were a corporation subject to taxes imposed under 408
Chapter 5733. of the Revised Code, the municipal corporation may 409
continue to impose the tax on such distributive shares to the 410
extent such shares would be so allocated or apportioned to this 411
state only until December 31, 2004, unless a majority of the 412
electors of the municipal corporation voting on the question of 413
continuing to tax such shares after that date voted in favor of 414
that question at an election held November 2, 2004. If a 415
majority of those electors voted in favor of the question, the 416
municipal corporation may continue after December 31, 2004, to 417
impose the tax on such distributive shares only to the extent 418
such shares would be so allocated or apportioned to this state. 419

(d) A municipal corporation shall be deemed to have 420
elected to tax S corporation shareholders' distributive shares 421
of net profits of the S corporation in the hands of the 422
shareholders if a majority of the electors of a municipal 423
corporation voted in favor of a question at an election held 424
under division (C) (14) (b) or (c) of this section. The municipal 425
corporation shall specify by resolution or ordinance that the 426
tax applies to the distributive share of a shareholder of an S 427
corporation in the hands of the shareholder of the S 428
corporation. 429

(15) To the extent authorized under a resolution or 430
ordinance adopted by a municipal corporation before January 1, 431
2016, all or a portion of the income of individuals or a class 432
of individuals under eighteen years of age. 433

~~(16) (a) Except as provided in divisions (C) (16) (b), (c), and (d) of this section, qualifying wages described in division (B) (1) or (E) of section 718.011 of the Revised Code to the extent the qualifying wages are not subject to withholding for the municipal corporation under either of those divisions.~~ 434
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~~(b) The exemption provided in division (C) (16) (a) of this section does not apply with respect to the municipal corporation in which the employee resided at the time the employee earned the qualifying wages.~~ 439
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~~(c) The exemption provided in division (C) (16) (a) of this section does not apply to qualifying wages that an employer elects to withhold under division (D) (2) of section 718.011 of the Revised Code.~~ 443
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~~(d) The exemption provided in division (C) (16) (a) of this section does not apply to qualifying wages if both of the following conditions apply:~~ 447
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~~(i) For qualifying wages described in division (B) (1) 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 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;~~ 450
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~~(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.~~ 459
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~~(17) (a) Except as provided in division (C) (17) (b) or (c)~~ 462

~~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.~~ 463
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~~(b) The exemption provided in division (C) (17) (a) of this section does not apply under either of the following circumstances:~~ 467
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~~(i) The individual's base of operation is located in the municipal corporation.~~ 470
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~~(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.~~ 472
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~~(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.~~ 480
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~~(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.~~ 485
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~~(18) Compensation paid to a person for personal services performed for a political subdivision on property owned by the~~ 490
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~~political subdivision, regardless of whether the compensation is~~ 492
~~received by an employee of the subdivision or another person~~ 493
~~performing services for the subdivision under a contract with~~ 494
~~the subdivision, if the property on which services are performed~~ 495
~~is annexed to a municipal corporation pursuant to section~~ 496
~~709.023 of the Revised Code on or after March 27, 2013, unless~~ 497
~~the person is subject to such taxation because of residence. If~~ 498
~~the compensation is subject to taxation because of residence,~~ 499
~~municipal income tax shall be payable only to the municipal~~ 500
~~corporation of residence.~~ 501

~~(19)~~ In the case of a tax administered, collected, and 502
enforced by a municipal corporation pursuant to an agreement 503
with the board of directors of a joint economic development 504
district under section 715.72 of the Revised Code, the net 505
profits of a business, and the income of the employees of that 506
business, exempted from the tax under division (Q) of that 507
section. 508

~~(20)~~ (17) Income the taxation of which is prohibited by 509
the constitution or laws of the United States. 510

Any item of income that is exempt income of a pass-through 511
entity under division (C) of this section is exempt income of 512
each owner of the pass-through entity to the extent of that 513
owner's distributive or proportionate share of that item of the 514
entity's income. 515

(D) (1) "Net profit" for a person other than an individual 516
means adjusted federal taxable income. 517

(2) "Net profit" for a person who is an individual means 518
the individual's net profit required to be reported on schedule 519
C, schedule E, or schedule F reduced by any net operating loss 520

carried forward. For the purposes of division (D) (2) of this section, the net operating loss carried forward shall be calculated and deducted in the same manner as provided in division (E) (8) of this section.

(3) For the purposes of this chapter, and notwithstanding division (D) (1) 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.

(4) 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) (4) 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.

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 shall make the election in every municipal corporation in which the partnership is subject to taxation on its net profits. The election shall be made on the annual tax return filed in each such municipal corporation. The publicly traded partnership shall not be required to file the election with any municipal corporation in which the partnership is not subject to taxation on its net profits, but division (D) (4) of this section applies to all municipal corporations in which an individual owner of the partnership resides.

(E) "Adjusted federal taxable income," for a person

required to file as a C corporation, or for a person that has 551
elected to be taxed as a C corporation under division (D) (4) of 552
this section, means a C corporation's federal taxable income 553
before net operating losses and special deductions as determined 554
under the Internal Revenue Code, adjusted as follows: 555

(1) Deduct intangible income to the extent included in 556
federal taxable income. The deduction shall be allowed 557
regardless of whether the intangible income relates to assets 558
used in a trade or business or assets held for the production of 559
income. 560

(2) Add an amount equal to five per cent of intangible 561
income deducted under division (E) (1) of this section, but 562
excluding that portion of intangible income directly related to 563
the sale, exchange, or other disposition of property described 564
in section 1221 of the Internal Revenue Code; 565

(3) Add any losses allowed as a deduction in the 566
computation of federal taxable income if the losses directly 567
relate to the sale, exchange, or other disposition of an asset 568
described in section 1221 or 1231 of the Internal Revenue Code; 569

(4) (a) Except as provided in division (E) (4) (b) of this 570
section, deduct income and gain included in federal taxable 571
income to the extent the income and gain directly relate to the 572
sale, exchange, or other disposition of an asset described in 573
section 1221 or 1231 of the Internal Revenue Code; 574

(b) Division (E) (4) (a) of this section does not apply to 575
the extent the income or gain is income or gain described in 576
section 1245 or 1250 of the Internal Revenue Code. 577

(5) Add taxes on or measured by net income allowed as a 578
deduction in the computation of federal taxable income; 579

(6) In the case of a real estate investment trust or 580
regulated investment company, add all amounts with respect to 581
dividends to, distributions to, or amounts set aside for or 582
credited to the benefit of investors and allowed as a deduction 583
in the computation of federal taxable income; 584

(7) Deduct, to the extent not otherwise deducted or 585
excluded in computing federal taxable income, any income derived 586
from a transfer agreement or from the enterprise transferred 587
under that agreement under section 4313.02 of the Revised Code; 588

(8) (a) Except as limited by divisions (E) (8) (b), (c), and 589
(d) of this section, deduct any net operating loss incurred by 590
the person in a taxable year beginning on or after January 1, 591
2017. 592

The amount of such net operating loss shall be deducted 593
from net profit that is reduced by exempt income to the extent 594
necessary to reduce municipal taxable income to zero, with any 595
remaining unused portion of the net operating loss carried 596
forward to not more than five consecutive taxable years 597
following the taxable year in which the loss was incurred, but 598
in no case for more years than necessary for the deduction to be 599
fully utilized. 600

(b) No person shall use the deduction allowed by division 601
(E) (8) of this section to offset qualifying wages. 602

(c) (i) For taxable years beginning in 2018, 2019, 2020, 603
2021, or 2022, a person may not deduct, for purposes of an 604
income tax levied by a municipal corporation that levies an 605
income tax before January 1, 2016, more than fifty per cent of 606
the amount of the deduction otherwise allowed by division (E) (8) 607
(a) of this section. 608

(ii) For taxable years beginning in 2023 or thereafter, a person may deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, the full amount allowed by division (E) (8) (a) of this section.

(d) Any pre-2017 net operating loss carryforward deduction that is available must be utilized before a taxpayer may deduct any amount pursuant to division (E) (8) of this section.

(e) Nothing in division (E) (8) (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 (E) (8) (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 (E) (8) (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 (E) (8) (c) (i) of this section shall apply to the amount carried forward.

(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.

(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 718.06 639
of the Revised Code. 640

If the taxpayer is not a C corporation, is not a 641
disregarded entity that has made the election described in 642
division (L) (2) of this section, is not a publicly traded 643
partnership that has made the election described in division (D) 644
(4) of this section, and is not an individual, the taxpayer 645
shall compute adjusted federal taxable income under this section 646
as if the taxpayer were a C corporation, except guaranteed 647
payments and other similar amounts paid or accrued to a partner, 648
former partner, shareholder, former shareholder, member, or 649
former member shall not be allowed as a deductible expense 650
unless such payments are in consideration for the use of capital 651
and treated as payment of interest under section 469 of the 652
Internal Revenue Code or United States treasury regulations. 653
Amounts paid or accrued to a qualified self-employed retirement 654
plan with respect to a partner, former partner, shareholder, 655
former shareholder, member, or former member of the taxpayer, 656
amounts paid or accrued to or for health insurance for a 657
partner, former partner, shareholder, former shareholder, 658
member, or former member, and amounts paid or accrued to or for 659
life insurance for a partner, former partner, shareholder, 660
former shareholder, member, or former member shall not be 661
allowed as a deduction. 662

Nothing in division (E) of this section shall be construed 663
as allowing the taxpayer to add or deduct any amount more than 664
once or shall be construed as allowing any taxpayer to deduct 665
any amount paid to or accrued for purposes of federal self- 666
employment tax. 667

(F) "Schedule C" means internal revenue service schedule C 668

(form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	669 670
(G) "Schedule E" means internal revenue service schedule E (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	671 672 673
(H) "Schedule F" means internal revenue service schedule F (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	674 675 676
(I) "Internal Revenue Code" has the same meaning as in section 5747.01 of the Revised Code.	677 678
(J) "Resident" means an individual who is domiciled in the municipal corporation as determined under section 718.012 of the Revised Code.	679 680 681
(K) "Nonresident" means an individual that is not a resident.	682 683
(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.	684 685 686 687 688
(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 following conditions are met:	689 690 691 692 693 694
(i) The limited liability company's single member is also a limited liability company.	695 696

(ii) The limited liability company and its single member 697
were formed and doing business in one or more Ohio municipal 698
corporations for at least five years before January 1, 2004. 699

(iii) Not later than December 31, 2004, the limited 700
liability company and its single member each made an election to 701
be treated as a separate taxpayer under division (L) of this 702
section as this section existed on December 31, 2004. 703

(iv) The limited liability company was not formed for the 704
purpose of evading or reducing Ohio municipal corporation income 705
tax liability of the limited liability company or its single 706
member. 707

(v) The Ohio municipal corporation that was the primary 708
place of business of the sole member of the limited liability 709
company consented to the election. 710

(b) For purposes of division (L) (2) (a) (v) of this section, 711
a municipal corporation was the primary place of business of a 712
limited liability company if, for the limited liability 713
company's taxable year ending in 2003, its income tax liability 714
was greater in that municipal corporation than in any other 715
municipal corporation in Ohio, and that tax liability to that 716
municipal corporation for its taxable year ending in 2003 was at 717
least four hundred thousand dollars. 718

(M) "Person" includes individuals, firms, companies, joint 719
stock companies, business trusts, estates, trusts, partnerships, 720
limited liability partnerships, limited liability companies, 721
associations, C corporations, S corporations, governmental 722
entities, and any other entity. 723

(N) "Pass-through entity" means a partnership not treated 724
as an association taxable as a C corporation for federal income 725

tax purposes, a limited liability company not treated as an 726
association taxable as a C corporation for federal income tax 727
purposes, an S corporation, or any other class of entity from 728
which the income or profits of the entity are given pass-through 729
treatment for federal income tax purposes. "Pass-through entity" 730
does not include a trust, estate, grantor of a grantor trust, or 731
disregarded entity. 732

(O) "S corporation" means a person that has made an 733
election under subchapter S of Chapter 1 of Subtitle A of the 734
Internal Revenue Code for its taxable year. 735

(P) "Single member limited liability company" means a 736
limited liability company that has one direct member. 737

(Q) "Limited liability company" means a limited liability 738
company formed under Chapter 1705. of the Revised Code or under 739
the laws of another state. 740

(R) "Qualifying wages" means wages, as defined in section 741
3121(a) of the Internal Revenue Code, without regard to any wage 742
limitations, adjusted as follows: 743

(1) Deduct the following amounts: 744

(a) Any amount included in wages if the amount constitutes 745
compensation attributable to a plan or program described in 746
section 125 of the Internal Revenue Code. 747

(b) Any amount included in wages if the amount constitutes 748
payment on account of a disability related to sickness or an 749
accident paid by a party unrelated to the employer, agent of an 750
employer, or other payer. 751

(c) Any amount attributable to a nonqualified deferred 752
compensation plan or program described in section 3121(v) (2) (C) 753

of the Internal Revenue Code if the compensation is included in 754
wages and the municipal corporation has, by resolution or 755
ordinance adopted before January 1, 2016, exempted the amount 756
from withholding and tax. 757

(d) Any amount included in wages if the amount arises from 758
the sale, exchange, or other disposition of a stock option, the 759
exercise of a stock option, or the sale, exchange, or other 760
disposition of stock purchased under a stock option and the 761
municipal corporation has, by resolution or ordinance adopted 762
before January 1, 2016, exempted the amount from withholding and 763
tax. 764

(e) Any amount included in wages that is exempt income. 765

(2) Add the following amounts: 766

(a) Any amount not included in wages solely because the 767
employee was employed by the employer before April 1, 1986. 768

(b) Any amount not included in wages because the amount 769
arises from the sale, exchange, or other disposition of a stock 770
option, the exercise of a stock option, or the sale, exchange, 771
or other disposition of stock purchased under a stock option and 772
the municipal corporation has not, by resolution or ordinance, 773
exempted the amount from withholding and tax adopted before 774
January 1, 2016. Division (R) (2) (b) of this section applies only 775
to those amounts constituting ordinary income. 776

(c) Any amount not included in wages if the amount is an 777
amount described in section 401(k), 403(b), or 457 of the 778
Internal Revenue Code. Division (R) (2) (c) of this section 779
applies only to employee contributions and employee deferrals. 780

(d) Any amount that is supplemental unemployment 781
compensation benefits described in section 3402(o) (2) of the 782

Internal Revenue Code and not included in wages.	783
(e) Any amount received that is treated as self-employment	784
income for federal tax purposes in accordance with section	785
1402(a)(8) of the Internal Revenue Code.	786
(f) Any amount not included in wages if all of the	787
following apply:	788
(i) For the taxable year the amount is employee	789
compensation that is earned outside of the United States and	790
that either is included in the taxpayer's gross income for	791
federal income tax purposes or would have been included in the	792
taxpayer's gross income for such purposes if the taxpayer did	793
not elect to exclude the income under section 911 of the	794
Internal Revenue Code;	795
(ii) For no preceding taxable year did the amount	796
constitute wages as defined in section 3121(a) of the Internal	797
Revenue Code;	798
(iii) For no succeeding taxable year will the amount	799
constitute wages; and	800
(iv) For any taxable year the amount has not otherwise	801
been added to wages pursuant to either division (R)(2) of this	802
section or section 718.03 of the Revised Code, as that section	803
existed before the effective date of H.B. 5 of the 130th general	804
assembly, March 23, 2015.	805
(S) "Intangible income" means income of any of the	806
following types: income yield, interest, capital gains,	807
dividends, or other income arising from the ownership, sale,	808
exchange, or other disposition of intangible property including,	809
but not limited to, investments, deposits, money, or credits as	810
those terms are defined in Chapter 5701. of the Revised Code,	811

and patents, copyrights, trademarks, tradenames, investments in 812
real estate investment trusts, investments in regulated 813
investment companies, and appreciation on deferred compensation. 814
"Intangible income" does not include prizes, awards, or other 815
income associated with any lottery winnings, gambling winnings, 816
or other similar games of chance. 817

(T) "Taxable year" means the corresponding tax reporting 818
period as prescribed for the taxpayer under the Internal Revenue 819
Code. 820

(U) "Tax administrator" means the individual charged with 821
direct responsibility for administration of an income tax levied 822
by a municipal corporation in accordance with this chapter, and 823
also includes the following: 824

(1) A municipal corporation acting as the agent of another 825
municipal corporation; 826

(2) A person retained by a municipal corporation to 827
administer a tax levied by the municipal corporation, but only 828
if the municipal corporation does not compensate the person in 829
whole or in part on a contingency basis; 830

(3) The central collection agency or the regional income 831
tax agency or their successors in interest, or another entity 832
organized to perform functions similar to those performed by the 833
central collection agency and the regional income tax agency. 834

(V) "Employer" means a person that is an employer for 835
federal income tax purposes. 836

(W) "Employee" means an individual who is an employee for 837
federal income tax purposes. 838

(X) "Other payer" means any person, other than an 839

individual's employer or the employer's agent, that pays an 840
individual any amount included in the federal gross income of 841
the individual. "Other payer" includes casino operators and 842
video lottery terminal sales agents. 843

(Y) "Calendar quarter" means the three-month period ending 844
on the last day of March, June, September, or December. 845

(Z) "Form 2106" means internal revenue service form 2106 846
filed by a taxpayer pursuant to the Internal Revenue Code. 847

(AA) "Municipal corporation" ~~includes~~ does not include a 848
joint economic development district or joint economic 849
development zone that levies an income tax under section 850
715.691, 715.70, 715.71, or 715.72 of the Revised Code. 851

(BB) "Disregarded entity" means a single member limited 852
liability company, a qualifying subchapter S subsidiary, or 853
another entity if the company, subsidiary, or entity is a 854
disregarded entity for federal income tax purposes. 855

(CC) "Generic form" means an electronic or paper form that 856
is not prescribed by a particular municipal corporation and that 857
is designed for reporting taxes withheld by an employer, agent 858
of an employer, or other payer, estimated municipal income 859
taxes, or annual municipal income tax liability or for filing a 860
refund claim. 861

(DD) "Tax return preparer" means any individual described 862
in section 7701(a)(36) of the Internal Revenue Code and 26 863
C.F.R. 301.7701-15. 864

(EE) "Ohio business gateway" means the online computer 865
network system, created under section 125.30 of the Revised 866
Code, that allows persons to electronically file business reply 867
forms with state agencies and includes any successor electronic 868

filing and payment system.	869
(FF) "Local board of tax review" and "board of tax review"	870
mean the entity created under section 718.11 of the Revised	871
Code.	872
(GG) "Net operating loss" means a loss incurred by a	873
person in the operation of a trade or business. "Net operating	874
loss" does not include unutilized losses resulting from basis	875
limitations, at-risk limitations, or passive activity loss	876
limitations.	877
(HH) "Casino operator" and "casino facility" have the same	878
meanings as in section 3772.01 of the Revised Code.	879
(II) "Video lottery terminal" has the same meaning as in	880
section 3770.21 of the Revised Code.	881
(JJ) "Video lottery terminal sales agent" means a lottery	882
sales agent licensed under Chapter 3770. of the Revised Code to	883
conduct video lottery terminals on behalf of the state pursuant	884
to section 3770.21 of the Revised Code.	885
(KK) "Postal service" means the United States postal	886
service.	887
(LL) "Certified mail," "express mail," "United States	888
mail," "postal service," and similar terms include any delivery	889
service authorized pursuant to section 5703.056 of the Revised	890
Code.	891
(MM) "Postmark date," "date of postmark," and similar	892
terms include the date recorded and marked in the manner	893
described in division (B) (3) of section 5703.056 of the Revised	894
Code.	895
(NN) "Related member" means a person that, with respect to	896

the taxpayer during all or any portion of the taxable year, is 897
either a related entity, a component member as defined in 898
section 1563(b) of the Internal Revenue Code, or a person to or 899
from whom there is attribution of stock ownership in accordance 900
with section 1563(e) of the Internal Revenue Code except, for 901
purposes of determining whether a person is a related member 902
under this division, "twenty per cent" shall be substituted for 903
"5 percent" wherever "5 percent" appears in section 1563(e) of 904
the Internal Revenue Code. 905

(00) "Related entity" means any of the following: 906

(1) An individual stockholder, or a member of the 907
stockholder's family enumerated in section 318 of the Internal 908
Revenue Code, if the stockholder and the members of the 909
stockholder's family own directly, indirectly, beneficially, or 910
constructively, in the aggregate, at least fifty per cent of the 911
value of the taxpayer's outstanding stock; 912

(2) A stockholder, or a stockholder's partnership, estate, 913
trust, or corporation, if the stockholder and the stockholder's 914
partnerships, estates, trusts, or corporations own directly, 915
indirectly, beneficially, or constructively, in the aggregate, 916
at least fifty per cent of the value of the taxpayer's 917
outstanding stock; 918

(3) A corporation, or a party related to the corporation 919
in a manner that would require an attribution of stock from the 920
corporation to the party or from the party to the corporation 921
under division (00) (4) of this section, provided the taxpayer 922
owns directly, indirectly, beneficially, or constructively, at 923
least fifty per cent of the value of the corporation's 924
outstanding stock; 925

(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.

(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.

(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 meet the criteria prescribed by division (PP) (1) of this section.

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

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

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

(2) For the purpose of calculating municipal taxable income, any pre-2017 net operating loss carryforward may be carried forward to any taxable year, including taxable years beginning in 2017 or thereafter, for the number of taxable years provided in the resolution or ordinance or until fully utilized, whichever is earlier.

(TT) "Small employer" means any employer that had total revenue of less than five hundred thousand dollars during the preceding taxable year. For purposes of this division, "total revenue" means receipts of any type or kind, including, but not limited to, sales receipts; payments; rents; profits; gains, dividends, and other investment income; compensation; commissions; premiums; money; property; grants; contributions; donations; gifts; program service revenue; patient service revenue; premiums; fees, including premium fees and service fees; tuition payments; unrelated business revenue;

reimbursements; any type of payment from a governmental unit, 986
including grants and other allocations; and any other similar 987
receipts reported for federal income tax purposes or under 988
generally accepted accounting principles. "Small employer" does 989
not include the federal government; any state government, 990
including any state agency or instrumentality; any political 991
subdivision; or any entity treated as a government for financial 992
accounting and reporting purposes. 993

(UU) "Audit" means the examination of a person or the 994
inspection of the books, records, memoranda, or accounts of a 995
person for the purpose of determining liability for a municipal 996
income tax. 997

(VV) "Publicly traded partnership" means any partnership, 998
an interest in which is regularly traded on an established 999
securities market. A "publicly traded partnership" may have any 1000
number of partners. 1001

Sec. 718.02. This section applies to the net profit of any 1002
taxpayer engaged in a business or profession in a municipal 1003
corporation that imposes an income tax in accordance with this 1004
chapter, ~~unless the taxpayer is an individual who resides in the~~ 1005
~~municipal corporation~~ net profit arises from a business or 1006
profession operated as a sole proprietorship or the taxpayer is 1007
an electric company, combined company, or telephone company that 1008
is subject to and required to file reports under Chapter 5745. 1009
of the Revised Code. 1010

(A) Except as otherwise provided in division (B) of this 1011
section, net profit from a business or profession conducted both 1012
within and without the boundaries of a municipal corporation 1013
shall be considered as having a taxable situs in the municipal 1014
corporation for purposes of municipal income taxation in the 1015

same proportion as the average ratio of the following: 1016

(1) The average original cost of the real property and 1017
tangible personal property owned or used by the taxpayer in the 1018
business or profession in the municipal corporation during the 1019
taxable period to the average original cost of all of the real 1020
and tangible personal property owned or used by the taxpayer in 1021
the business or profession during the same period, wherever 1022
situated. 1023

As used in the preceding paragraph, tangible personal or 1024
real property shall include property rented or leased by the 1025
taxpayer and the value of such property shall be determined by 1026
multiplying the annual rental thereon by eight; 1027

(2) Wages, salaries, and other compensation paid during 1028
the taxable period to individuals employed in the business or 1029
profession for services performed in the municipal corporation 1030
to wages, salaries, and other compensation paid during the same 1031
period to individuals employed in the business or profession, 1032
wherever the individual's services are performed, ~~excluding~~ 1033
~~compensation from which taxes are not required to be withheld~~ 1034
~~under section 718.011 of the Revised Code;~~ 1035

(3) Total gross receipts of the business or profession 1036
from sales and rentals made and services performed during the 1037
taxable period in the municipal corporation to total gross 1038
receipts of the business or profession during the same period 1039
from sales, rentals, and services, wherever made or performed. 1040

(B) (1) If the apportionment factors described in division 1041
(A) of this section do not fairly represent the extent of a 1042
taxpayer's business activity in a municipal corporation, the 1043
taxpayer may request, or the tax administrator of the municipal 1044

corporation may require, that the taxpayer use, with respect to 1045
all or any portion of the income of the taxpayer, an alternative 1046
apportionment method involving one or more of the following: 1047

(a) Separate accounting; 1048

(b) The exclusion of one or more of the factors; 1049

(c) The inclusion of one or more additional factors that 1050
would provide for a more fair apportionment of the income of the 1051
taxpayer to the municipal corporation; 1052

(d) A modification of one or more of the factors. 1053

(2) A taxpayer request to use an alternative apportionment 1054
method shall be in writing and shall accompany a tax return, 1055
timely filed appeal of an assessment, or timely filed amended 1056
tax return. The taxpayer may use the requested alternative 1057
method unless the tax administrator denies the request in an 1058
assessment issued within the period prescribed by division (A) 1059
of section 718.12 of the Revised Code. 1060

(3) A tax administrator may require a taxpayer to use an 1061
alternative apportionment method as described in division (B) (1) 1062
of this section only by issuing an assessment to the taxpayer 1063
within the period prescribed by division (A) of section 718.12 1064
of the Revised Code. 1065

(4) Nothing in division (B) of this section nullifies or 1066
otherwise affects any alternative apportionment arrangement 1067
approved by a tax administrator or otherwise agreed upon by both 1068
the tax administrator and taxpayer before January 1, 2016. 1069

(C) As used in division (A) (2) of this section, "wages, 1070
salaries, and other compensation" includes only wages, salaries, 1071
or other compensation paid to an employee for services performed 1072

at any of the following locations: 1073

(1) A location that is owned, controlled, or used by, 1074
rented to, or under the possession of one of the following: 1075

(a) The employer; 1076

(b) A vendor, customer, client, or patient of the 1077
employer, or a related member of such a vendor, customer, 1078
client, or patient; 1079

(c) A vendor, customer, client, or patient of a person 1080
described in division (C) (1) (b) of this section, or a related 1081
member of such a vendor, customer, client, or patient. 1082

(2) Any location at which a trial, appeal, hearing, 1083
investigation, inquiry, review, court-martial, or similar 1084
administrative, judicial, or legislative matter or proceeding is 1085
being conducted, provided that the compensation is paid for 1086
services performed for, or on behalf of, the employer or that 1087
the employee's presence at the location directly or indirectly 1088
benefits the employer; 1089

(3) Any other location, if the tax administrator 1090
determines that the employer directed the employee to perform 1091
the services at the other location in lieu of a location 1092
described in division (C) (1) or (2) of this section solely in 1093
order to avoid or reduce the employer's municipal income tax 1094
liability. If a tax administrator makes such a determination, 1095
the employer may dispute the determination by establishing, by a 1096
preponderance of the evidence, that the tax administrator's 1097
determination was unreasonable. 1098

(D) For the purposes of division (A) (3) of this section, 1099
receipts from sales and rentals made and services performed 1100
shall be situated to a municipal corporation as follows: 1101

(1) Gross receipts from the sale of tangible personal 1102
property shall be situated to the municipal corporation in which 1103
the sale originated. For the purposes of this division, a sale 1104
of property originates in a municipal corporation if, regardless 1105
of where title passes, the property meets any of the following 1106
criteria: 1107

(a) The property is shipped to or delivered within the 1108
municipal corporation from a stock of goods located within the 1109
municipal corporation. 1110

(b) The property is delivered within the municipal 1111
corporation from a location outside the municipal corporation, 1112
provided the taxpayer is regularly engaged through its own 1113
employees in the solicitation or promotion of sales within such 1114
municipal corporation and the sales result from such 1115
solicitation or promotion. 1116

(c) The property is shipped from a place within the 1117
municipal corporation to purchasers outside the municipal 1118
corporation, provided that the taxpayer is not, through its own 1119
employees, regularly engaged in the solicitation or promotion of 1120
sales at the place where delivery is made. 1121

(2) Gross receipts from the sale of services shall be 1122
situated to the municipal corporation to the extent that such 1123
services are performed in the municipal corporation. 1124

(3) To the extent included in income, gross receipts from 1125
the sale of real property located in the municipal corporation 1126
shall be situated to the municipal corporation. 1127

(4) To the extent included in income, gross receipts from 1128
rents and royalties from real property located in the municipal 1129
corporation shall be situated to the municipal corporation. 1130

(5) Gross receipts from rents and royalties from tangible personal property shall be situated to the municipal corporation based upon the extent to which the tangible personal property is used in the municipal corporation.

~~(E) The net profit received by an individual taxpayer from the rental of real estate owned directly by the individual or by a disregarded entity owned by the individual shall be subject to tax only by the municipal corporation in which the property generating the net profit is located and the municipal corporation in which the individual taxpayer that receives the net profit resides.~~

~~A municipal corporation shall allow such taxpayers to elect to use separate accounting for the purpose of calculating net profit situated under this division to the municipal corporation in which the property is located.~~

~~(F) (1) Except as provided in division (F) (2) of this section, commissions received by a real estate agent or broker relating to the sale, purchase, or lease of real estate shall be situated to the municipal corporation in which the real estate is located. Net profit reported by the real estate agent or broker shall be allocated to a municipal corporation based upon the ratio of the commissions the agent or broker received from the sale, purchase, or lease of real estate located in the municipal corporation to the commissions received from the sale, purchase, or lease of real estate everywhere in the taxable year.~~

~~(2) An individual who is a resident of a municipal corporation that imposes a municipal income tax shall report the individual's net profit from all real estate activity on the individual's annual tax return for that municipal corporation. The individual may claim a credit for taxes the individual paid~~

~~on such net profit to another municipal corporation to the~~ 1161
~~extent that such a credit is allowed under the municipal income~~ 1162
~~tax ordinance, or rules of the municipal corporation of~~ 1163
~~residence.~~ 1164

~~(G)~~ If, in computing a taxpayer's adjusted federal taxable 1165
income, the taxpayer deducted any amount with respect to a stock 1166
option granted to an employee, and if the employee is not 1167
required to include in the employee's income any such amount or 1168
a portion thereof because it is exempted from taxation under 1169
divisions (C) (12) and (R) (1) (d) of section 718.01 of the Revised 1170
Code by a municipal corporation to which the taxpayer has 1171
apportioned a portion of its net profit, the taxpayer shall add 1172
the amount that is exempt from taxation to the taxpayer's net 1173
profit that was apportioned to that municipal corporation. In no 1174
case shall a taxpayer be required to add to its net profit that 1175
was apportioned to that municipal corporation any amount other 1176
than the amount upon which the employee would be required to pay 1177
tax were the amount related to the stock option not exempted 1178
from taxation. 1179

This division applies solely for the purpose of making an 1180
adjustment to the amount of a taxpayer's net profit that was 1181
apportioned to a municipal corporation under this section. 1182

~~(H)~~ (F) When calculating the ratios described in division 1183
(A) of this section for the purposes of that division or 1184
division (B) of this section, the owner of a disregarded entity 1185
shall include in the owner's ratios the property, payroll, and 1186
gross receipts of such disregarded entity. 1187

Sec. 718.03. (A) ~~(1)~~ Each employer, agent of an employer, 1188
or other payer located or doing business in a municipal 1189
corporation that imposes a tax on income in accordance with this 1190

chapter shall withhold from each employee an amount equal to the 1191
qualifying wages of the employee ~~earned by the employee in the~~ 1192
~~municipal corporation~~ multiplied by the applicable income tax 1193
rate of the ~~municipal corporation's income tax, except for~~ 1194
~~qualifying wages for which withholding is not required under~~ 1195
~~section 718.011 of the Revised Code or division (D) or (F) of~~ 1196
~~this section~~ corporation in which the employee resides. An 1197
employer, agent of an employer, or other payer shall deduct and 1198
withhold the tax from qualifying wages on the date that the 1199
employer, agent, or other payer directly, indirectly, or 1200
constructively pays the qualifying wages to, or credits the 1201
qualifying wages to the benefit of, the employee. 1202

~~(2) In addition to withholding the amounts required under~~ 1203
~~division (A) (1) of this section, an employer, agent of an~~ 1204
~~employer, or other payer may also deduct and withhold, on the~~ 1205
~~request of an employee, taxes for the municipal corporation in~~ 1206
~~which the employee is a resident.~~ 1207

(B) (1) Except as provided in division (B) (2) of this 1208
section, an employer, agent of an employer, or other payer shall 1209
remit to the tax administrator of a municipal corporation the 1210
greater of the income taxes deducted and withheld or the income 1211
taxes required to be deducted and withheld by the employer, 1212
agent, or other payer according to the following schedule: 1213

(a) Taxes required to be deducted and withheld shall be 1214
remitted monthly to the tax administrator if the total taxes 1215
deducted and withheld or required to be deducted and withheld by 1216
the employer, agent, or other payer on behalf of the municipal 1217
corporation in the preceding calendar year exceeded two thousand 1218
three hundred ninety-nine dollars, or if the total amount of 1219
taxes deducted and withheld or required to be deducted and 1220

withheld on behalf of the municipal corporation in any month of 1221
the preceding calendar quarter exceeded two hundred dollars. 1222
Payments under division (B) (1) (a) of this section shall be made 1223
to the tax administrator not later than fifteen days after the 1224
last day of each month. 1225

(b) Any employer, agent of an employer, or other payer not 1226
required to make payments under division (B) (1) (a) of this 1227
section of taxes required to be deducted and withheld shall make 1228
quarterly payments to the tax administrator not later than the 1229
last day of the month following the last day of each calendar 1230
quarter. 1231

(2) Notwithstanding division (B) (1) of this section, a 1232
municipal corporation may require, by resolution, ordinance, or 1233
rule, an employer, agent of an employer, or other payer to do 1234
any of the following: 1235

(a) Remit taxes deducted and withheld semimonthly to the 1236
tax administrator if the total taxes deducted and withheld or 1237
required to be deducted and withheld on behalf of the municipal 1238
corporation in the preceding calendar year exceeded eleven 1239
thousand nine hundred ninety-nine dollars, or if the total 1240
amount of taxes deducted and withheld or required to be deducted 1241
and withheld on behalf of the municipal corporation in any month 1242
of the preceding calendar year exceeded one thousand dollars. 1243
The payment under division (B) (2) (a) of this section shall be 1244
made to the tax administrator not later than one of the 1245
following: 1246

(i) If the taxes were deducted and withheld or required to 1247
be deducted and withheld during the first fifteen days of a 1248
month, the third banking day after the fifteenth day of that 1249
month; 1250

(ii) If the taxes were deducted and withheld or required 1251
to be deducted and withheld after the fifteenth day of a month 1252
and before the first day of the immediately following month, the 1253
third banking day after the last day of that month. 1254

(b) Make payment by electronic funds transfer to the tax 1255
administrator of all taxes deducted and withheld on behalf of 1256
the municipal corporation if the employer, agent of an employer, 1257
or other payer is required to make payments electronically for 1258
the purpose of paying federal taxes withheld on payments to 1259
employees under section 6302 of the Internal Revenue Code, 26 1260
C.F.R. 31.6302-1, or any other federal statute or regulation. 1261
The payment of tax by electronic funds transfer under this 1262
division does not affect an employer's, agent's, or other 1263
payer's obligation to file any return as required under this 1264
section. 1265

(C) An employer, agent of an employer, or other payer 1266
shall make and file a return showing the amount of tax withheld 1267
by the employer, agent, or other payer from the qualifying wages 1268
of each employee and remitted to the tax administrator. Unless 1269
the tax administrator requires all individual taxpayers to file 1270
a tax return under section 718.05 of the Revised Code, a return 1271
filed by an employer, agent, or other payer under this division 1272
shall be accepted by a tax administrator and municipal 1273
corporation as the return required of an employee whose sole 1274
income subject to the tax under this chapter is the qualifying 1275
wages reported by the employee's employer, agent of an employer, 1276
or other payer. 1277

(D) An employer, agent of an employer, or other payer is 1278
not required to withhold municipal income tax with respect to an 1279
individual's disqualifying disposition of an incentive stock 1280

option if, at the time of the disqualifying disposition, the 1281
individual is not an employee of either the corporation with 1282
respect to whose stock the option has been issued or of such 1283
corporation's successor entity. 1284

(E) (1) An employee is not relieved from liability for a 1285
tax by the failure of the employer, agent of an employer, or 1286
other payer to withhold the tax as required under this chapter 1287
or by the employer's, agent's, or other payer's exemption from 1288
the requirement to withhold the tax. 1289

(2) The failure of an employer, agent of an employer, or 1290
other payer to remit to the municipal corporation the tax 1291
withheld relieves the employee from liability for that tax 1292
unless the employee colluded with the employer, agent, or other 1293
payer in connection with the failure to remit the tax withheld. 1294

(F) Compensation deferred before June 26, 2003, is not 1295
subject to any municipal corporation income tax or municipal 1296
income tax withholding requirement to the extent the deferred 1297
compensation does not constitute qualifying wages at the time 1298
the deferred compensation is paid or distributed. 1299

(G) Each employer, agent of an employer, or other payer 1300
required to withhold taxes is liable for the payment of that 1301
amount required to be withheld, whether or not such taxes have 1302
been withheld, and such amount shall be deemed to be held in 1303
trust for the municipal corporation until such time as the 1304
withheld amount is remitted to the tax administrator. 1305

(H) On or before the last day of February of each year, an 1306
employer shall file a withholding reconciliation return with the 1307
tax administrator listing the names, addresses, and social 1308
security numbers of all employees from whose qualifying wages 1309

tax was withheld or should have been withheld for the municipal 1310
corporation during the preceding calendar year, the amount of 1311
tax withheld, if any, from each such employee, the total amount 1312
of qualifying wages paid to such employee during the preceding 1313
calendar year, ~~the name of every other municipal corporation for~~ 1314
~~which tax was withheld or should have been withheld from such~~ 1315
~~employee during the preceding calendar year,~~ any other 1316
information required for federal income tax reporting purposes 1317
on Internal Revenue Service form W-2 or its equivalent form with 1318
respect to such employee, and other information as may be 1319
required by the tax administrator. 1320

(I) The officer or the employee of the employer, agent of 1321
an employer, or other payer with control or direct supervision 1322
of or charged with the responsibility for withholding the tax or 1323
filing the reports and making payments as required by this 1324
section, shall be personally liable for a failure to file a 1325
report or pay the tax due as required by this section. The 1326
dissolution of an employer, agent of an employer, or other payer 1327
does not discharge the officer's or employee's liability for a 1328
failure of the employer, agent of an employer, or other payer to 1329
file returns or pay any tax due. 1330

(J) An employer is required to deduct and withhold 1331
municipal income tax on tips and gratuities received by the 1332
employer's employees and constituting qualifying wages only to 1333
the extent that the tips and gratuities are under the employer's 1334
control. For the purposes of this division, a tip or gratuity is 1335
under the employer's control if the tip or gratuity is paid by 1336
the customer to the employer for subsequent remittance to the 1337
employee, or if the customer pays the tip or gratuity by credit 1338
card, debit card, or other electronic means. 1339

~~(K) A tax administrator shall consider any tax withheld by
an employer at the request of an employee when such tax is not
otherwise required to be withheld by this chapter to be tax
required to be withheld and remitted for the purposes of this
section.~~

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

(1) A statement that the tax is an annual tax levied on
the income of every ~~person individual~~ residing in ~~or earning or~~
~~receiving~~ the municipal corporation and every person other than
an individual that receives income in the municipal corporation
and that the tax shall be measured by municipal taxable income;

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

(3) The rate of the tax;

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

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

~~(6)~~ (5) Any other provision necessary for the
administration of the tax, provided that the provision does not

conflict with any provision of this chapter. 1369

(B) Any municipal corporation that, on or before March 23, 1370
2015, levies an income tax at a rate in excess of one per cent 1371
may continue to levy the tax at the rate specified in the 1372
original ordinance or resolution, provided that such rate 1373
continues in effect as specified in the original ordinance or 1374
resolution. 1375

(C) (1) No municipal corporation shall tax income at other 1376
than a uniform rate. 1377

(2) Except as provided in division (B) of this section, no 1378
municipal corporation shall levy a tax on income at a rate in 1379
excess of one per cent without having obtained the approval of 1380
the excess by a majority of the electors of the municipality 1381
voting on the question at a general, primary, or special 1382
election. The legislative authority of the municipal corporation 1383
shall file with the board of elections at least ninety days 1384
before the day of the election a copy of the ordinance together 1385
with a resolution specifying the date the election is to be held 1386
and directing the board of elections to conduct the election. 1387
The ballot shall be in the following form: "Shall the Ordinance 1388
providing for a... per cent levy on income for (Brief 1389
description of the purpose of the proposed levy) be passed? 1390

FOR THE INCOME TAX
AGAINST THE INCOME TAX

"

In the event of an affirmative vote, the proceeds of the 1395
levy may be used only for the specified purpose. 1396

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

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

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

~~(G)~~ (F) (1) Division ~~(G)~~ (F) of this section applies to a municipal corporation that, at the time of entering into a written agreement under division ~~(G)~~ (F) (2) of this section, shares the same territory as a city, local, or exempted village school district, to the extent that not more than thirty per cent of the territory of the municipal corporation is located outside the school district and a portion of the territory of the school district that is not located within the municipal

corporation is located within another municipal corporation 1427
having a population of four hundred thousand or more according 1428
to the federal decennial census most recently completed before 1429
the agreement is entered into under division ~~(G)~~(F) (2) of this 1430
section. 1431

(2) The legislative authority of a municipal corporation 1432
to which division ~~(G)~~(F) of this section applies may propose to 1433
the electors an income tax, one of the purposes of which shall 1434
be to provide financial assistance to the school district 1435
described in division ~~(G)~~(F) (1) of this section. Prior to 1436
proposing the tax, the legislative authority shall negotiate and 1437
enter into a written agreement with the board of education of 1438
that school district specifying the tax rate; the percentage or 1439
amount of tax revenue to be paid to the school district or the 1440
method of establishing or determining that percentage or amount, 1441
which may be subject to change periodically; the purpose for 1442
which the school district will use the money; the first year the 1443
tax will be levied; the date of the election on the question of 1444
the tax; and the method and schedule by which, and the 1445
conditions under which, the municipal corporation will make 1446
payments to the school district. The tax shall otherwise comply 1447
with the provisions and limitations specified in this chapter. 1448

Sec. 718.05. (A) An annual return with respect to the 1449
income tax levied by a municipal corporation shall be completed 1450
and filed by every taxpayer for any taxable year for which the 1451
taxpayer is liable for the tax. ~~If the total credit allowed~~ 1452
~~against the tax as described in division (D) of section 718.04~~ 1453
~~of the Revised Code for the year is equal to or exceeds the tax~~ 1454
~~imposed by the municipal corporation, no return shall be~~ 1455
~~required unless the municipal ordinance or resolution levying~~ 1456
~~the tax requires the filing of a return in such circumstances.~~ 1457

(B) If an individual is deceased, any return or notice 1458
required of that individual shall be completed and filed by that 1459
decedent's executor, administrator, or other person charged with 1460
the property of that decedent. 1461

(C) If an individual is unable to complete and file a 1462
return or notice required by a municipal corporation in 1463
accordance with this chapter, the return or notice required of 1464
that individual shall be completed and filed by the individual's 1465
duly authorized agent, guardian, conservator, fiduciary, or 1466
other person charged with the care of the person or property of 1467
that individual. 1468

(D) Returns or notices required of an estate or a trust 1469
shall be completed and filed by the fiduciary of the estate or 1470
trust. 1471

(E) No municipal corporation shall deny spouses the 1472
ability to file a joint return. 1473

(F) (1) Each return required to be filed under this section 1474
shall contain the signature of the taxpayer or the taxpayer's 1475
duly authorized agent and of the person who prepared the return 1476
for the taxpayer, and shall include the taxpayer's social 1477
security number or taxpayer identification number. Each return 1478
shall be verified by a declaration under penalty of perjury. 1479

(2) A tax administrator may require a taxpayer who is an 1480
individual to include, with each annual return, amended return, 1481
or request for refund required under this section, copies of 1482
only the following documents: all of the taxpayer's Internal 1483
Revenue Service form W-2, "Wage and Tax Statements," including 1484
all information reported on the taxpayer's federal W-2, as well 1485
as taxable wages reported or withheld for any municipal 1486

corporation; the taxpayer's Internal Revenue Service form 1040 1487
or, in the case of a return or request required by a qualified 1488
municipal corporation, Ohio form IT-1040; and, with respect to 1489
an amended tax return or refund request, any other documentation 1490
necessary to support the refund request or the adjustments made 1491
in the amended return. An individual taxpayer who files the 1492
annual return required by this section electronically is not 1493
required to provide paper copies of any of the foregoing to the 1494
tax administrator unless the tax administrator requests such 1495
copies after the return has been filed. 1496

(3) A tax administrator may require a taxpayer that is not 1497
an individual to include, with each annual net profit return, 1498
amended net profit return, or request for refund required under 1499
this section, copies of only the following documents: the 1500
taxpayer's Internal Revenue Service form 1041, form 1065, form 1501
1120, form 1120-REIT, form 1120F, or form 1120S, and, with 1502
respect to an amended tax return or refund request, any other 1503
documentation necessary to support the refund request or the 1504
adjustments made in the amended return. 1505

A taxpayer that is not an individual and that files an 1506
annual net profit return electronically through the Ohio 1507
business gateway or in some other manner shall either mail the 1508
documents required under this division to the tax administrator 1509
at the time of filing or, if electronic submission is available, 1510
submit the documents electronically through the Ohio business 1511
gateway. The department of taxation shall publish a method of 1512
electronically submitting the documents required under this 1513
division through the Ohio business gateway on or before January 1514
1, 2016. The department shall transmit all documents submitted 1515
electronically under this division to the appropriate tax 1516
administrator. 1517

(4) After a taxpayer files a tax return, the tax administrator may request, and the taxpayer shall provide, any information, statements, or documents required by the municipal corporation to determine and verify the taxpayer's municipal income tax liability. The requirements imposed under division (F) of this section apply regardless of whether the taxpayer files on a generic form or on a form prescribed by the tax administrator.

(G) (1) (a) Except as otherwise provided in this chapter, each individual income tax return required to be filed under this section shall be completed and filed as required by the tax administrator on or before the date prescribed for the filing of state individual income tax returns under division (G) of section 5747.08 of the Revised Code. The taxpayer shall complete and file the return or notice on forms prescribed by the tax administrator or on generic forms, together with remittance made payable to the municipal corporation or tax administrator. No remittance is required if the amount shown to be due is ten dollars or less.

(b) Except as otherwise provided in this chapter, each annual net profit return required to be filed under this section by a taxpayer that is not an individual shall be completed and filed as required by the tax administrator on or before the fifteenth day of the fourth month following the end of the taxpayer's taxable year. The taxpayer shall complete and file the return or notice on forms prescribed by the tax administrator or on generic forms, together with remittance made payable to the municipal corporation or tax administrator. No remittance is required if the amount shown to be due is ten dollars or less.

(2) (a) Any taxpayer that has duly requested an automatic 1548
six-month extension for filing the taxpayer's federal income tax 1549
return shall automatically receive an extension for the filing 1550
of a municipal income tax return. The extended due date of the 1551
municipal income tax return shall be the fifteenth day of the 1552
tenth month after the last day of the taxable year to which the 1553
return relates. 1554

(b) A taxpayer that has not requested or received a six- 1555
month extension for filing the taxpayer's federal income tax 1556
return may request that the tax administrator grant the taxpayer 1557
a six-month extension of the date for filing the taxpayer's 1558
municipal income tax return. If the request is received by the 1559
tax administrator on or before the date the municipal income tax 1560
return is due, the tax administrator shall grant the taxpayer's 1561
requested extension. 1562

(c) An extension of time to file under division (G) (2) of 1563
this section is not an extension of the time to pay any tax due 1564
unless the tax administrator grants an extension of that date. 1565

(3) If the tax commissioner extends for all taxpayers the 1566
date for filing state income tax returns under division (G) of 1567
section 5747.08 of the Revised Code, a taxpayer shall 1568
automatically receive an extension for the filing of a municipal 1569
income tax return. The extended due date of the municipal income 1570
tax return shall be the same as the extended due date of the 1571
state income tax return. 1572

(4) If the tax administrator considers it necessary in 1573
order to ensure the payment of the tax imposed by the municipal 1574
corporation in accordance with this chapter, the tax 1575
administrator may require taxpayers to file returns and make 1576
payments otherwise than as provided in this section, including 1577

taxpayers not otherwise required to file annual returns. 1578

(5) To the extent that any provision in this division 1579
conflicts with any provision in section 718.052 of the Revised 1580
Code, the provision in that section prevails. 1581

(H) (1) For taxable years beginning after 2015, a municipal 1582
corporation shall not require a taxpayer to remit tax with 1583
respect to net profits if the amount due is less than ten 1584
dollars. 1585

(2) Any taxpayer not required to remit tax to a municipal 1586
corporation for a taxable year pursuant to division (H) (1) of 1587
this section shall file with the municipal corporation an annual 1588
net profit return under division (F) (3) of this section. 1589

(I) (1) If any report, claim, statement, or other document 1590
required to be filed, or any payment required to be made, within 1591
a prescribed period or on or before a prescribed date under this 1592
chapter is delivered after that period or that date by United 1593
States mail to the tax administrator or other municipal official 1594
with which the report, claim, statement, or other document is 1595
required to be filed, or to which the payment is required to be 1596
made, the date of the postmark stamped on the cover in which the 1597
report, claim, statement, or other document, or payment is 1598
mailed shall be deemed to be the date of delivery or the date of 1599
payment. "The date of postmark" means, in the event there is 1600
more than one date on the cover, the earliest date imprinted on 1601
the cover by the postal service. 1602

(2) If a payment under this chapter is made by electronic 1603
funds transfer, the payment shall be considered to be made on 1604
the date of the timestamp assigned by the first electronic 1605
system receiving that payment. 1606

(J) The amounts withheld by an employer, the agent of an employer, or an other payer as described in section 718.03 of the Revised Code shall be allowed to the recipient of the compensation as credits against payment of the tax imposed on the recipient by the municipal corporation, unless the amounts withheld were not remitted to the municipal corporation and the recipient colluded with the employer, agent, or other payer in connection with the failure to remit the amounts withheld.

(K) Each return required by a municipal corporation to be filed in accordance with this section shall include a box that the taxpayer may check to authorize another person, including a tax return preparer who prepared the return, to communicate with the tax administrator about matters pertaining to the return. The return or instructions accompanying the return shall indicate that by checking the box the taxpayer authorizes the tax administrator to contact the preparer or other person concerning questions that arise during the examination or other review of the return and authorizes the preparer or other person only to provide the tax administrator with information that is missing from the return, to contact the tax administrator for information about the examination or other review of the return or the status of the taxpayer's refund or payments, and to respond to notices about mathematical errors, offsets, or return preparation that the taxpayer has received from the tax administrator and has shown to the preparer or other person.

(L) The tax administrator of a municipal corporation shall accept for filing a generic form of any income tax return, report, or document required by the municipal corporation in accordance with this chapter, provided that the generic form, once completed and filed, contains all of the information required by ordinance, resolution, or rules adopted by the

municipal corporation or tax administrator, and provided that 1638
the taxpayer or tax return preparer filing the generic form 1639
otherwise complies with the provisions of this chapter and of 1640
the municipal corporation ordinance or resolution governing the 1641
filing of returns, reports, or documents. 1642

(M) When income tax returns, reports, or other documents 1643
require the signature of a tax return preparer, the tax 1644
administrator shall accept a facsimile of such a signature in 1645
lieu of a manual signature. 1646

(N) (1) As used in this division, "worksite location"~~has~~ 1647
~~the same meaning as in section 718.011 of the Revised Code means~~ 1648
a construction site or other temporary worksite in this state at 1649
which the employer provides services for more than twenty days 1650
during the calendar year. "Worksite location" does not include 1651
the home of an employee. 1652

(2) A person may notify a tax administrator that the 1653
person does not expect to be a taxpayer with respect to the 1654
municipal corporation for a taxable year if both of the 1655
following conditions apply: 1656

(a) The person was required to file a tax return with the 1657
municipal corporation for the immediately preceding taxable year 1658
because the person performed services at a worksite location 1659
within that municipal corporation. 1660

(b) The person no longer provides services in the 1661
municipal corporation and does not expect to be subject to the 1662
municipal corporation's income tax for the taxable year. 1663

The person shall provide the notice in a signed affidavit 1664
that briefly explains the person's circumstances, including the 1665
location of the previous worksite location and the last date on 1666

which the person performed services or made any sales within the
municipal corporation. The affidavit also shall include the
following statement: "The affiant has no plans to perform any
services within the municipal corporation, make any sales in the
municipal corporation, or otherwise become subject to the tax
levied by the municipal corporation during the taxable year. If
the affiant does become subject to the tax levied by the
municipal corporation for the taxable year, the affiant agrees
to be considered a taxpayer and to properly register as a
taxpayer with the municipal corporation if such a registration
is required by the municipal corporation's resolutions,
ordinances, or rules." The person shall sign the affidavit under
penalty of perjury.

(c) If a person submits an affidavit described in division
(N) (2) of this section, the tax administrator shall not require
the person to file any tax return for the taxable year unless
the tax administrator possesses information that conflicts with
the affidavit or if the circumstances described in the affidavit
change. Nothing in division (N) of this section prohibits the
tax administrator from performing an audit of the person.

Sec. 718.16. A municipal corporation ~~shall~~ may grant a
credit against its tax on income to a resident of the municipal
corporation who works in a joint economic development zone
created under section 715.691 or a joint economic development
district created under section 715.70, 715.71, or 715.72 of the
Revised Code ~~to the same extent that it grants a credit against
its tax on income to its residents who are employed in another
municipal corporation.~~ The credit may not exceed the amount of
income taxes the resident paid to the joint economic development
zone or joint economic development district during the taxable
year.

Section 2. That existing sections 709.023, 718.01, 718.02, 1698
718.03, 718.04, 718.05, and 718.16 and sections 718.011 and 1699
718.50 of the Revised Code are hereby repealed. 1700

Section 3. The amendment or repeal by this act of sections 1701
709.023, 718.01, 718.011, 718.02, 718.03, 718.04, 718.05, 1702
718.16, and 718.50 of the Revised Code applies to municipal 1703
taxable years beginning on or after January 1, 2018. 1704