

**As Passed by the House**

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**Sub. H. B. No. 228**

**Representative Roemer**

**Cosponsors: Representatives Fowler Arthur, Seitz, Young, T., Riedel, McClain, Baldrige, Bird, Brown, Carruthers, Crossman, Cutrona, Edwards, Fraizer, Galonski, Gross, Hoops, Lanese, Merrin, Pavliga, Plummer, Richardson, Stephens**

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**A BILL**

To amend sections 718.01, 718.80, 718.81, 718.83, 1  
718.85, 718.90, and 5703.77 and to enact section 2  
718.841 of the Revised Code to make changes 3  
related to the state administration of municipal 4  
net profits taxes and the municipal taxation of 5  
retirement benefits. 6

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

**Section 1.** That sections 718.01, 718.80, 718.81, 718.83, 7  
718.85, 718.90, and 5703.77 be amended and section 718.841 of 8  
the Revised Code be enacted to read as follows: 9

**Sec. 718.01.** Any term used in this chapter that is not 10  
otherwise defined in this chapter has the same meaning as when 11  
used in a comparable context in laws of the United States 12  
relating to federal income taxation or in Title LVIII of the 13  
Revised Code, unless a different meaning is clearly required. 14  
Except as provided in section 718.81 of the Revised Code, if a 15  
term used in this chapter that is not otherwise defined in this 16  
chapter is used in a comparable context in both the laws of the 17

United States relating to federal income tax and in Title LVII 18  
of the Revised Code and the use is not consistent, then the use 19  
of the term in the laws of the United States relating to federal 20  
income tax shall control over the use of the term in Title LVII 21  
of the Revised Code. 22

Except as otherwise provided in section 718.81 of the 23  
Revised Code, as used in this chapter: 24

(A) (1) "Municipal taxable income" means the following: 25

(a) For a person other than an individual, income 26  
apportioned or situated to the municipal corporation under 27  
section 718.02 of the Revised Code, as applicable, reduced by 28  
any pre-2017 net operating loss carryforward available to the 29  
person for the municipal corporation. 30

(b) (i) For an individual who is a resident of a municipal 31  
corporation other than a qualified municipal corporation, income 32  
reduced by exempt income to the extent otherwise included in 33  
income, then reduced as provided in division (A) (2) of this 34  
section, and further reduced by any pre-2017 net operating loss 35  
carryforward available to the individual for the municipal 36  
corporation. 37

(ii) For an individual who is a resident of a qualified 38  
municipal corporation, Ohio adjusted gross income reduced by 39  
income exempted, and increased by deductions excluded, by the 40  
qualified municipal corporation from the qualified municipal 41  
corporation's tax. If a qualified municipal corporation, on or 42  
before December 31, 2013, exempts income earned by individuals 43  
who are not residents of the qualified municipal corporation and 44  
net profit of persons that are not wholly located within the 45  
qualified municipal corporation, such individual or person shall 46

have no municipal taxable income for the purposes of the tax 47  
levied by the qualified municipal corporation and may be 48  
exempted by the qualified municipal corporation from the 49  
requirements of section 718.03 of the Revised Code. 50

(c) For an individual who is a nonresident of a municipal 51  
corporation, income reduced by exempt income to the extent 52  
otherwise included in income and then, as applicable, 53  
apportioned or situated to the municipal corporation under 54  
section 718.02 of the Revised Code, then reduced as provided in 55  
division (A) (2) of this section, and further reduced by any pre- 56  
2017 net operating loss carryforward available to the individual 57  
for the municipal corporation. 58

(2) In computing the municipal taxable income of a 59  
taxpayer who is an individual, the taxpayer may subtract, as 60  
provided in division (A) (1) (b) (i) or (c) of this section, the 61  
amount of the individual's employee business expenses reported 62  
on the individual's form 2106 that the individual deducted for 63  
federal income tax purposes for the taxable year, subject to the 64  
limitation imposed by section 67 of the Internal Revenue Code. 65  
For the municipal corporation in which the taxpayer is a 66  
resident, the taxpayer may deduct all such expenses allowed for 67  
federal income tax purposes. For a municipal corporation in 68  
which the taxpayer is not a resident, the taxpayer may deduct 69  
such expenses only to the extent the expenses are related to the 70  
taxpayer's performance of personal services in that nonresident 71  
municipal corporation. 72

(B) "Income" means the following: 73

(1) (a) For residents, all income, salaries, qualifying 74  
wages, commissions, and other compensation from whatever source 75  
earned or received by the resident, including the resident's 76

distributive share of the net profit of pass-through entities 77  
owned directly or indirectly by the resident and any net profit 78  
of the resident, except as provided in division (D) (5) of this 79  
section. 80

(b) For the purposes of division (B) (1) (a) of this 81  
section: 82

(i) Any net operating loss of the resident incurred in the 83  
taxable year and the resident's distributive share of any net 84  
operating loss generated in the same taxable year and 85  
attributable to the resident's ownership interest in a pass- 86  
through entity shall be allowed as a deduction, for that taxable 87  
year and the following five taxable years, against any other net 88  
profit of the resident or the resident's distributive share of 89  
any net profit attributable to the resident's ownership interest 90  
in a pass-through entity until fully utilized, subject to 91  
division (B) (1) (d) of this section; 92

(ii) The resident's distributive share of the net profit 93  
of each pass-through entity owned directly or indirectly by the 94  
resident shall be calculated without regard to any net operating 95  
loss that is carried forward by that entity from a prior taxable 96  
year and applied to reduce the entity's net profit for the 97  
current taxable year. 98

(c) Division (B) (1) (b) of this section does not apply with 99  
respect to any net profit or net operating loss attributable to 100  
an ownership interest in an S corporation unless shareholders' 101  
distributive shares of net profits from S corporations are 102  
subject to tax in the municipal corporation as provided in 103  
division (C) (14) (b) or (c) of this section. 104

(d) Any amount of a net operating loss used to reduce a 105

taxpayer's net profit for a taxable year shall reduce the amount 106  
of net operating loss that may be carried forward to any 107  
subsequent year for use by that taxpayer. In no event shall the 108  
cumulative deductions for all taxable years with respect to a 109  
taxpayer's net operating loss exceed the original amount of that 110  
net operating loss available to that taxpayer. 111

(2) In the case of nonresidents, all income, salaries, 112  
qualifying wages, commissions, and other compensation from 113  
whatever source earned or received by the nonresident for work 114  
done, services performed or rendered, or activities conducted in 115  
the municipal corporation, including any net profit of the 116  
nonresident, but excluding the nonresident's distributive share 117  
of the net profit or loss of only pass-through entities owned 118  
directly or indirectly by the nonresident. 119

(3) For taxpayers that are not individuals, net profit of 120  
the taxpayer; 121

(4) Lottery, sweepstakes, gambling and sports winnings, 122  
winnings from games of chance, and prizes and awards. If the 123  
taxpayer is a professional gambler for federal income tax 124  
purposes, the taxpayer may deduct related wagering losses and 125  
expenses to the extent authorized under the Internal Revenue 126  
Code and claimed against such winnings. 127

(C) "Exempt income" means all of the following: 128

(1) The military pay or allowances of members of the armed 129  
forces of the United States or members of their reserve 130  
components, including the national guard of any state; 131

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

(b) A municipal corporation that taxed any type of 134

intangible income on March 29, 1988, pursuant to Section 3 of 135  
S.B. 238 of the 116th general assembly, may continue to tax that 136  
type of income if a majority of the electors of the municipal 137  
corporation voting on the question of whether to permit the 138  
taxation of that type of intangible income after 1988 voted in 139  
favor thereof at an election held on November 8, 1988. 140

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

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

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

(6) Dues, contributions, and similar payments received by	165
charitable, religious, educational, or literary organizations or	166
labor unions, lodges, and similar organizations;	167
(7) Alimony and child support received;	168
(8) Compensation for personal injuries or for damages to	169
property from insurance proceeds or otherwise, excluding	170
compensation paid for lost salaries or wages or compensation	171
from punitive damages;	172
(9) Income of a public utility when that public utility is	173
subject to the tax levied under section 5727.24 or 5727.30 of	174
the Revised Code. Division (C) (9) of this section does not apply	175
for purposes of Chapter 5745. of the Revised Code.	176
(10) Gains from involuntary conversions, interest on	177
federal obligations, items of income subject to a tax levied by	178
the state and that a municipal corporation is specifically	179
prohibited by law from taxing, and income of a decedent's estate	180
during the period of administration except such income from the	181
operation of a trade or business;	182
(11) Compensation or allowances excluded from federal	183
gross income under section 107 of the Internal Revenue Code;	184
(12) Employee compensation that is not qualifying wages as	185
defined in division (R) of this section;	186
(13) Compensation paid to a person employed within the	187
boundaries of a United States air force base under the	188
jurisdiction of the United States air force that is used for the	189
housing of members of the United States air force and is a	190
center for air force operations, unless the person is subject to	191
taxation because of residence or domicile. If the compensation	192
is subject to taxation because of residence or domicile, tax on	193

such income shall be payable only to the municipal corporation 194  
of residence or domicile. 195

(14) (a) Except as provided in division (C) (14) (b) or (c) 196  
of this section, an S corporation shareholder's distributive 197  
share of net profits of the S corporation, other than any part 198  
of the distributive share of net profits that represents wages 199  
as defined in section 3121(a) of the Internal Revenue Code or 200  
net earnings from self-employment as defined in section 1402(a) 201  
of the Internal Revenue Code. 202

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

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



majority of those electors voted in favor of the question, the 224  
municipal corporation may continue after December 31, 2004, to 225  
impose the tax on such distributive shares only to the extent 226  
such shares would be so allocated or apportioned to this state. 227

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

(15) To the extent authorized under a resolution or 238  
ordinance adopted by a municipal corporation before January 1, 239  
2016, all or a portion of the income of individuals or a class 240  
of individuals under eighteen years of age. 241

(16) (a) Except as provided in divisions (C) (16) (b), (c), 242  
and (d) of this section, qualifying wages described in division 243  
(B) (1) or (E) of section 718.011 of the Revised Code to the 244  
extent the qualifying wages are not subject to withholding for 245  
the municipal corporation under either of those divisions. 246

(b) The exemption provided in division (C) (16) (a) of this 247  
section does not apply with respect to the municipal corporation 248  
in which the employee resided at the time the employee earned 249  
the qualifying wages. 250

(c) The exemption provided in division (C) (16) (a) of this 251  
section does not apply to qualifying wages that an employer 252

elects to withhold under division (D) (2) of section 718.011 of the Revised Code.	253 254
(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:	255 256 257
(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;	258 259 260 261 262 263 264 265 266
(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.	267 268 269
(17) (a) Except as provided in division (C) (17) (b) or (c) of this section, compensation that is not qualifying wages paid to a nonresident individual for personal services performed in the municipal corporation on not more than twenty days in a taxable year.	270 271 272 273 274
(b) The exemption provided in division (C) (17) (a) of this section does not apply under either of the following circumstances:	275 276 277
(i) The individual's base of operation is located in the municipal corporation.	278 279
(ii) The individual is a professional athlete, professional entertainer, or public figure, and the compensation	280 281

is paid for the performance of services in the individual's 282  
capacity as a professional athlete, professional entertainer, or 283  
public figure. For purposes of division (C) (17) (b) (ii) of this 284  
section, "professional athlete," "professional entertainer," and 285  
"public figure" have the same meanings as in section 718.011 of 286  
the Revised Code. 287

(c) Compensation to which division (C) (17) of this section 288  
applies shall be treated as earned or received at the 289  
individual's base of operation. If the individual does not have 290  
a base of operation, the compensation shall be treated as earned 291  
or received where the individual is domiciled. 292

(d) For purposes of division (C) (17) of this section, 293  
"base of operation" means the location where an individual owns 294  
or rents an office, storefront, or similar facility to which the 295  
individual regularly reports and at which the individual 296  
regularly performs personal services for compensation. 297

(18) Compensation paid to a person for personal services 298  
performed for a political subdivision on property owned by the 299  
political subdivision, regardless of whether the compensation is 300  
received by an employee of the subdivision or another person 301  
performing services for the subdivision under a contract with 302  
the subdivision, if the property on which services are performed 303  
is annexed to a municipal corporation pursuant to section 304  
709.023 of the Revised Code on or after March 27, 2013, unless 305  
the person is subject to such taxation because of residence. If 306  
the compensation is subject to taxation because of residence, 307  
municipal income tax shall be payable only to the municipal 308  
corporation of residence. 309

(19) In the case of a tax administered, collected, and 310  
enforced by a municipal corporation pursuant to an agreement 311

with the board of directors of a joint economic development 312  
district under section 715.72 of the Revised Code, the net 313  
profits of a business, and the income of the employees of that 314  
business, exempted from the tax under division (Q) of that 315  
section. 316

(20) All of the following: 317

(a) Income derived from disaster work conducted in this 318  
state by an out-of-state disaster business during a disaster 319  
response period pursuant to a qualifying solicitation received 320  
by the business; 321

(b) Income of a qualifying employee described in division 322  
(A) (14) (a) of section 5703.94 of the Revised Code, to the extent 323  
such income is derived from disaster work conducted in this 324  
state by the employee during a disaster response period pursuant 325  
to a qualifying solicitation received by the employee's 326  
employer; 327

(c) Income of a qualifying employee described in division 328  
(A) (14) (b) of section 5703.94 of the Revised Code, to the extent 329  
such income is derived from disaster work conducted in this 330  
state by the employee during a disaster response period on 331  
critical infrastructure owned or used by the employee's 332  
employer. 333

(21) Income the taxation of which is prohibited by the 334  
constitution or laws of the United States. 335

Any item of income that is exempt income of a pass-through 336  
entity under division (C) of this section is exempt income of 337  
each owner of the pass-through entity to the extent of that 338  
owner's distributive or proportionate share of that item of the 339  
entity's income. 340

(D) (1) "Net profit" for a person who is an individual 341  
means the individual's net profit required to be reported on 342  
schedule C, schedule E, or schedule F reduced by any net 343  
operating loss carried forward. For the purposes of division (D) 344  
(1) of this section, the net operating loss carried forward 345  
shall be calculated and deducted in the same manner as provided 346  
in division (D) (3) of this section. 347

(2) "Net profit" for a person other than an individual 348  
means adjusted federal taxable income reduced by any net 349  
operating loss incurred by the person in a taxable year 350  
beginning on or after January 1, 2017, subject to the 351  
limitations of division (D) (3) of this section. 352

(3) (a) The amount of such net operating loss shall be 353  
deducted from net profit to the extent necessary to reduce 354  
municipal taxable income to zero, with any remaining unused 355  
portion of the net operating loss carried forward to not more 356  
than five consecutive taxable years following the taxable year 357  
in which the loss was incurred, but in no case for more years 358  
than necessary for the deduction to be fully utilized. 359

(b) No person shall use the deduction allowed by division 360  
(D) (3) of this section to offset qualifying wages. 361

(c) (i) For taxable years beginning in 2018, 2019, 2020, 362  
2021, or 2022, a person may not deduct, for purposes of an 363  
income tax levied by a municipal corporation that levies an 364  
income tax before January 1, 2016, more than fifty per cent of 365  
the amount of the deduction otherwise allowed by division (D) (3) 366  
of this section. 367

(ii) For taxable years beginning in 2023 or thereafter, a 368  
person may deduct, for purposes of an income tax levied by a 369

municipal corporation that levies an income tax before January 1, 2016, the full amount allowed by division (D) (3) of this section without regard to the limitation of division (D) (3) (b) (i) of this section.

(d) Any pre-2017 net operating loss carryforward deduction that is available may be utilized before a taxpayer may deduct any amount pursuant to division (D) (3) of this section.

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

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

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

A publicly traded partnership that is treated as a 400  
partnership for federal income tax purposes and that is subject 401  
to tax on its net profits in one or more municipal corporations 402  
in this state may elect to be treated as a C corporation for 403  
municipal income tax purposes. The publicly traded partnership 404  
shall make the election in every municipal corporation in which 405  
the partnership is subject to taxation on its net profits. The 406  
election shall be made on the annual tax return filed in each 407  
such municipal corporation. The publicly traded partnership 408  
shall not be required to file the election with any municipal 409  
corporation in which the partnership is not subject to taxation 410  
on its net profits, but division (D) (5) of this section applies 411  
to all municipal corporations in which an individual owner of 412  
the partnership resides. 413

(E) "Adjusted federal taxable income," for a person 414  
required to file as a C corporation, or for a person that has 415  
elected to be taxed as a C corporation under division (D) (5) of 416  
this section, means a C corporation's federal taxable income 417  
before net operating losses and special deductions as determined 418  
under the Internal Revenue Code, adjusted as follows: 419

(1) Deduct intangible income to the extent included in 420  
federal taxable income. The deduction shall be allowed 421  
regardless of whether the intangible income relates to assets 422  
used in a trade or business or assets held for the production of 423  
income. 424

(2) Add an amount equal to five per cent of intangible 425  
income deducted under division (E) (1) of this section, but 426  
excluding that portion of intangible income directly related to 427  
the sale, exchange, or other disposition of property described 428  
in section 1221 of the Internal Revenue Code; 429

(3) Add any losses allowed as a deduction in the 430  
computation of federal taxable income if the losses directly 431  
relate to the sale, exchange, or other disposition of an asset 432  
described in section 1221 or 1231 of the Internal Revenue Code; 433

(4) (a) Except as provided in division (E) (4) (b) of this 434  
section, deduct income and gain included in federal taxable 435  
income to the extent the income and gain directly relate to the 436  
sale, exchange, or other disposition of an asset described in 437  
section 1221 or 1231 of the Internal Revenue Code; 438

(b) Division (E) (4) (a) of this section does not apply to 439  
the extent the income or gain is income or gain described in 440  
section 1245 or 1250 of the Internal Revenue Code. 441

(5) Add taxes on or measured by net income allowed as a 442  
deduction in the computation of federal taxable income; 443

(6) In the case of a real estate investment trust or 444  
regulated investment company, add all amounts with respect to 445  
dividends to, distributions to, or amounts set aside for or 446  
credited to the benefit of investors and allowed as a deduction 447  
in the computation of federal taxable income; 448

(7) Deduct, to the extent not otherwise deducted or 449  
excluded in computing federal taxable income, any income derived 450  
from a transfer agreement or from the enterprise transferred 451  
under that agreement under section 4313.02 of the Revised Code; 452

(8) Deduct exempt income to the extent not otherwise 453  
deducted or excluded in computing adjusted federal taxable 454  
income. 455

(9) Deduct any net profit of a pass-through entity owned 456  
directly or indirectly by the taxpayer and included in the 457  
taxpayer's federal taxable income unless an affiliated group of 458



corporations includes that net profit in the group's federal 459  
taxable income in accordance with division (E) (3) (b) of section 460  
718.06 of the Revised Code. 461

(10) Add any loss incurred by a pass-through entity owned 462  
directly or indirectly by the taxpayer and included in the 463  
taxpayer's federal taxable income unless an affiliated group of 464  
corporations includes that loss in the group's federal taxable 465  
income in accordance with division (E) (3) (b) of section 718.06 466  
of the Revised Code. 467

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

member, or former member shall not be allowed as a deduction.	490
Nothing in division (E) of this section shall be construed	491
as allowing the taxpayer to add or deduct any amount more than	492
once or shall be construed as allowing any taxpayer to deduct	493
any amount paid to or accrued for purposes of federal self-	494
employment tax.	495
(F) "Schedule C" means internal revenue service schedule C	496
(form 1040) filed by a taxpayer pursuant to the Internal Revenue	497
Code.	498
(G) "Schedule E" means internal revenue service schedule E	499
(form 1040) filed by a taxpayer pursuant to the Internal Revenue	500
Code.	501
(H) "Schedule F" means internal revenue service schedule F	502
(form 1040) filed by a taxpayer pursuant to the Internal Revenue	503
Code.	504
(I) "Internal Revenue Code" has the same meaning as in	505
section 5747.01 of the Revised Code.	506
(J) "Resident" means an individual who is domiciled in the	507
municipal corporation as determined under section 718.012 of the	508
Revised Code.	509
(K) "Nonresident" means an individual that is not a	510
resident.	511
(L) (1) "Taxpayer" means a person subject to a tax levied	512
on income by a municipal corporation in accordance with this	513
chapter. "Taxpayer" does not include a grantor trust or, except	514
as provided in division (L) (2) (a) of this section, a disregarded	515
entity.	516
(2) (a) A single member limited liability company that is a	517

disregarded entity for federal tax purposes may be a separate 518  
taxpayer from its single member in all Ohio municipal 519  
corporations in which it either filed as a separate taxpayer or 520  
did not file for its taxable year ending in 2003, if all of the 521  
following conditions are met: 522

(i) The limited liability company's single member is also 523  
a limited liability company. 524

(ii) The limited liability company and its single member 525  
were formed and doing business in one or more Ohio municipal 526  
corporations for at least five years before January 1, 2004. 527

(iii) Not later than December 31, 2004, the limited 528  
liability company and its single member each made an election to 529  
be treated as a separate taxpayer under division (L) of this 530  
section as this section existed on December 31, 2004. 531

(iv) The limited liability company was not formed for the 532  
purpose of evading or reducing Ohio municipal corporation income 533  
tax liability of the limited liability company or its single 534  
member. 535

(v) The Ohio municipal corporation that was the primary 536  
place of business of the sole member of the limited liability 537  
company consented to the election. 538

(b) For purposes of division (L) (2) (a) (v) of this section, 539  
a municipal corporation was the primary place of business of a 540  
limited liability company if, for the limited liability 541  
company's taxable year ending in 2003, its income tax liability 542  
was greater in that municipal corporation than in any other 543  
municipal corporation in Ohio, and that tax liability to that 544  
municipal corporation for its taxable year ending in 2003 was at 545  
least four hundred thousand dollars. 546

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

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

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

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

(Q) "Limited liability company" means a limited liability company formed under Chapter 1705. or 1706. of the Revised Code or under the laws of another state.

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

(1) Deduct the following amounts:

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

(b) Any amount included in wages if the amount constitutes 576  
payment on account of a disability related to sickness or an 577  
accident paid by a party unrelated to the employer, agent of an 578  
employer, or other payer. 579

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

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

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

(2) Add the following amounts: 594

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

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

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

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

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

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

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

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

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

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

(S) "Intangible income" means income of any of the 634  
following types: income yield, interest, capital gains, 635  
dividends, or other income arising from the ownership, sale, 636  
exchange, or other disposition of intangible property including, 637  
but not limited to, investments, deposits, money, or credits as 638  
those terms are defined in Chapter 5701. of the Revised Code, 639  
and patents, copyrights, trademarks, tradenames, investments in 640  
real estate investment trusts, investments in regulated 641  
investment companies, and appreciation on deferred compensation. 642  
"Intangible income" does not include prizes, awards, or other 643  
income associated with any lottery winnings, gambling winnings, 644  
or other similar games of chance. 645

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

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

(1) A municipal corporation acting as the agent of another 653  
municipal corporation; 654

(2) A person retained by a municipal corporation to 655  
administer a tax levied by the municipal corporation, but only 656  
if the municipal corporation does not compensate the person in 657  
whole or in part on a contingency basis; 658

(3) The central collection agency or the regional income 659  
tax agency or their successors in interest, or another entity 660  
organized to perform functions similar to those performed by the 661  
central collection agency and the regional income tax agency. 662

"Tax administrator" does not include the tax commissioner.	663
(V) "Employer" means a person that is an employer for federal income tax purposes.	664 665
(W) "Employee" means an individual who is an employee for federal income tax purposes.	666 667
(X) "Other payer" means any person, other than an individual's employer or the employer's agent, that pays an individual any amount included in the federal gross income of the individual. "Other payer" includes casino operators and video lottery terminal sales agents.	668 669 670 671 672
(Y) "Calendar quarter" means the three-month period ending on the last day of March, June, September, or December.	673 674
(Z) "Form 2106" means internal revenue service form 2106 filed by a taxpayer pursuant to the Internal Revenue Code.	675 676
(AA) "Municipal corporation" includes a joint economic development district or joint economic development zone that levies an income tax under section 715.691, 715.70, 715.71, or 715.72 of the Revised Code.	677 678 679 680
(BB) "Disregarded entity" means a single member limited liability company, a qualifying subchapter S subsidiary, or another entity if the company, subsidiary, or entity is a disregarded entity for federal income tax purposes.	681 682 683 684
(CC) "Generic form" means an electronic or paper form that is not prescribed by a particular municipal corporation and that is designed for reporting taxes withheld by an employer, agent of an employer, or other payer, estimated municipal income taxes, or annual municipal income tax liability or for filing a refund claim.	685 686 687 688 689 690



(DD) "Tax return preparer" means any individual described 691  
in section 7701(a)(36) of the Internal Revenue Code and 26 692  
C.F.R. 301.7701-15. 693

(EE) "Ohio business gateway" means the online computer 694  
network system, created under section 125.30 of the Revised 695  
Code, that allows persons to electronically file business reply 696  
forms with state agencies and includes any successor electronic 697  
filing and payment system. 698

(FF) "Local board of tax review" and "board of tax review" 699  
mean the entity created under section 718.11 of the Revised 700  
Code. 701

(GG) "Net operating loss" means a loss incurred by a 702  
person in the operation of a trade or business. "Net operating 703  
loss" does not include unutilized losses resulting from basis 704  
limitations, at-risk limitations, or passive activity loss 705  
limitations. 706

(HH) "Casino operator" and "casino facility" have the same 707  
meanings as in section 3772.01 of the Revised Code. 708

(II) "Video lottery terminal" has the same meaning as in 709  
section 3770.21 of the Revised Code. 710

(JJ) "Video lottery terminal sales agent" means a lottery 711  
sales agent licensed under Chapter 3770. of the Revised Code to 712  
conduct video lottery terminals on behalf of the state pursuant 713  
to section 3770.21 of the Revised Code. 714

(KK) "Postal service" means the United States postal 715  
service. 716

(LL) "Certified mail," "express mail," "United States 717  
mail," "postal service," and similar terms include any delivery 718

service authorized pursuant to section 5703.056 of the Revised Code. 719  
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(MM) "Postmark date," "date of postmark," and similar terms include the date recorded and marked in the manner described in division (B) (3) of section 5703.056 of the Revised Code. 721  
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(NN) "Related member" means a person that, with respect to the taxpayer during all or any portion of the taxable year, is either a related entity, a component member as defined in section 1563(b) of the Internal Revenue Code, or a person to or from whom there is attribution of stock ownership in accordance with section 1563(e) of the Internal Revenue Code except, for purposes of determining whether a person is a related member under this division, "twenty per cent" shall be substituted for "5 percent" wherever "5 percent" appears in section 1563(e) of the Internal Revenue Code. 725  
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(OO) "Related entity" means any of the following: 735

(1) An individual stockholder, or a member of the stockholder's family enumerated in section 318 of the Internal Revenue Code, if the stockholder and the members of the stockholder's family own directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock; 736  
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(2) A stockholder, or a stockholder's partnership, estate, trust, or corporation, if the stockholder and the stockholder's partnerships, estates, trusts, or corporations own directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock; 742  
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(3) A corporation, or a party related to the corporation 748  
in a manner that would require an attribution of stock from the 749  
corporation to the party or from the party to the corporation 750  
under division (00) (4) of this section, provided the taxpayer 751  
owns directly, indirectly, beneficially, or constructively, at 752  
least fifty per cent of the value of the corporation's 753  
outstanding stock; 754

(4) The attribution rules described in section 318 of the 755  
Internal Revenue Code apply for the purpose of determining 756  
whether the ownership requirements in divisions (00) (1) to (3) 757  
of this section have been met. 758

(PP) (1) "Assessment" means a written finding by the tax 759  
administrator that a person has underpaid municipal income tax, 760  
or owes penalty and interest, or any combination of tax, 761  
penalty, or interest, to the municipal corporation that 762  
commences the person's time limitation for making an appeal to 763  
the local board of tax review pursuant to section 718.11 of the 764  
Revised Code, and has "ASSESSMENT" written in all capital 765  
letters at the top of such finding. 766

(2) "Assessment" does not include an informal notice 767  
denying a request for refund issued under division (B) (3) of 768  
section 718.19 of the Revised Code, a billing statement 769  
notifying a taxpayer of current or past-due balances owed to the 770  
municipal corporation, a tax administrator's request for 771  
additional information, a notification to the taxpayer of 772  
mathematical errors, or a tax administrator's other written 773  
correspondence to a person or taxpayer that does meet the 774  
criteria prescribed by division (PP) (1) of this section. 775

(QQ) "Taxpayers' rights and responsibilities" means the 776  
rights provided to taxpayers in sections 718.11, 718.12, 718.19, 777

718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the 778  
Revised Code and the responsibilities of taxpayers to file, 779  
report, withhold, remit, and pay municipal income tax and 780  
otherwise comply with Chapter 718. of the Revised Code and 781  
resolutions, ordinances, and rules adopted by a municipal 782  
corporation for the imposition and administration of a municipal 783  
income tax. 784

(RR) "Qualified municipal corporation" means a municipal 785  
corporation that, by resolution or ordinance adopted on or 786  
before December 31, 2011, adopted Ohio adjusted gross income, as 787  
defined by section 5747.01 of the Revised Code, as the income 788  
subject to tax for the purposes of imposing a municipal income 789  
tax. 790

(SS) (1) "Pre-2017 net operating loss carryforward" means 791  
any net operating loss incurred in a taxable year beginning 792  
before January 1, 2017, to the extent such loss was permitted, 793  
by a resolution or ordinance of the municipal corporation that 794  
was adopted by the municipal corporation before January 1, 2016, 795  
to be carried forward and utilized to offset income or net 796  
profit generated in such municipal corporation in future taxable 797  
years. 798

(2) For the purpose of calculating municipal taxable 799  
income, any pre-2017 net operating loss carryforward may be 800  
carried forward to any taxable year, including taxable years 801  
beginning in 2017 or thereafter, for the number of taxable years 802  
provided in the resolution or ordinance or until fully utilized, 803  
whichever is earlier. 804

(TT) "Small employer" means any employer that had total 805  
revenue of less than five hundred thousand dollars during the 806  
preceding taxable year. For purposes of this division, "total 807

revenue" means receipts of any type or kind, including, but not 808  
limited to, sales receipts; payments; rents; profits; gains, 809  
dividends, and other investment income; compensation; 810  
commissions; premiums; money; property; grants; contributions; 811  
donations; gifts; program service revenue; patient service 812  
revenue; premiums; fees, including premium fees and service 813  
fees; tuition payments; unrelated business revenue; 814  
reimbursements; any type of payment from a governmental unit, 815  
including grants and other allocations; and any other similar 816  
receipts reported for federal income tax purposes or under 817  
generally accepted accounting principles. "Small employer" does 818  
not include the federal government; any state government, 819  
including any state agency or instrumentality; any political 820  
subdivision; or any entity treated as a government for financial 821  
accounting and reporting purposes. 822

(UU) "Audit" means the examination of a person or the 823  
inspection of the books, records, memoranda, or accounts of a 824  
person for the purpose of determining liability for a municipal 825  
income tax. 826

(VV) "Publicly traded partnership" means any partnership, 827  
an interest in which is regularly traded on an established 828  
securities market. A "publicly traded partnership" may have any 829  
number of partners. 830

(WW) "Tax commissioner" means the tax commissioner 831  
appointed under section 121.03 of the Revised Code. 832

(XX) "Out-of-state disaster business," "qualifying 833  
solicitation," "qualifying employee," "disaster work," "critical 834  
infrastructure," and "disaster response period" have the same 835  
meanings as in section 5703.94 of the Revised Code. 836

(YY) "Pension" means a retirement benefit plan, regardless 837  
of whether the plan satisfies the qualifications described under 838  
section 401(a) of the Internal Revenue Code, including amounts 839  
that are taxable under the "Federal Insurance Contributions 840  
Act," Chapter 21 of the Internal Revenue Code, excluding 841  
employee contributions and elective deferrals, and regardless of 842  
whether such amounts are paid in the same taxable year in which 843  
the amounts are included in the employee's wages, as defined by 844  
section 3121(a) of the Internal Revenue Code. 845

(ZZ) "Retirement benefit plan" means an arrangement 846  
whereby an entity provides benefits to individuals either on or 847  
after their termination of service because of retirement or 848  
disability. "Retirement benefit plan" does not include wage 849  
continuation payments, severance payments, or payments made for 850  
accrued personal or vacation time. 851

**Sec. 718.80.** (A) A taxpayer may elect to be subject to 852  
sections 718.80 to 718.95 of the Revised Code in lieu of the 853  
provisions set forth in the remainder of this chapter. 854  
Notwithstanding any other provision of this chapter, upon the 855  
taxpayer's election, both of the following shall apply: 856

(1) The tax commissioner shall serve as the sole 857  
administrator of each municipal income tax for which the 858  
taxpayer is liable for the term of the election; 859

(2) The commissioner shall administer the tax pursuant to 860  
sections 718.80 to 718.95 of the Revised Code and any applicable 861  
provision of Chapter 5703. of the Revised Code. 862

(B) (1) A taxpayer shall make the initial election on or 863  
before the ~~first-fifteenth~~ day of the ~~third-fourth~~ month after 864  
the beginning of the taxpayer's taxable year by ~~notifying~~ 865

providing to the tax commissioner and each a list of all 866  
municipal ~~corporation~~ corporations in which the taxpayer 867  
conducted business during the previous taxable year, on a form 868  
prescribed by the tax commissioner. 869

~~(2)(a)~~(2) At least quarterly, the tax commissioner shall 870  
notify each municipal corporation that a taxpayer lists in its 871  
election under division (B)(1) of this section that the taxpayer 872  
has made the election. 873

(3)(a) The election, once made by the taxpayer, applies to 874  
the taxable year in which the election is made and to each 875  
subsequent taxable year until the taxpayer notifies the tax 876  
commissioner of its termination of the election. 877

(b) A notification of termination shall be made, on a form 878  
prescribed by the tax commissioner, on or before the ~~first~~ 879  
fifteenth day of the ~~third~~ fourth month of any taxable year. 880

(c) Upon a timely and valid termination of the election, 881  
the taxpayer is no longer subject to sections 718.80 to 718.95 882  
of the Revised Code, and is instead subject to the provisions 883  
set forth in the remainder of this chapter. 884

(d) At least quarterly, the tax commissioner shall notify 885  
each municipal corporation reported on a taxpayer's most recent 886  
return or declaration filed with the commissioner of the 887  
taxpayer's termination of its election. 888

(4) The tax commissioner shall provide to all municipal 889  
corporations imposing a tax on income on or after January 1, 890  
2018, a list of taxpayers that are subject to sections 718.80 to 891  
718.95 of the Revised Code, including the taxpayers' names, 892  
addresses, and federal employee identification numbers. The list 893  
shall be made available via the portal created under section 894

718.841 of the Revised Code. 895

(C) (1) (a) On or before the thirty-first day of January 896  
each year, each municipal corporation imposing a tax on income 897  
shall certify to the tax commissioner the rate of the tax in 898  
effect on the first day of January of that year. 899

(b) If, after the thirty-first day of January of any year, 900  
the electors of a municipal corporation approve an increase in 901  
the rate of the municipal corporation's tax on income that takes 902  
effect within that year, the municipal corporation shall certify 903  
to the tax commissioner the new rate of tax not less than sixty 904  
days before the effective date of the increase, after which 905  
effective date the commissioner shall apply the increased rate. 906

(2) A municipal corporation, ~~within ninety days of~~ 907  
~~receiving that receives a taxpayer's notification of election~~ 908  
under division (B) (2) of this section, shall submit to the tax 909  
commissioner, on a form prescribed by the ~~tax~~ commissioner and 910  
within the time prescribed by division (C) (3) of this section, 911  
the following information regarding the taxpayer and any member 912  
of an affiliated group of corporations included on the 913  
taxpayer's consolidated tax return, when applicable: 914

(a) The amount of any net operating loss that the taxpayer 915  
is entitled to carry forward to a future tax year; 916

(b) The amount of any net operating loss carryforward 917  
utilized by the taxpayer in prior years; 918

(c) Any credits granted by the municipal corporation to 919  
which the taxpayer is entitled, the amount of such credits, 920  
whether the credits may be carried forward to future tax years, 921  
and, if the credits may be carried forward, the duration of any 922  
such carryforward; 923



(d) Any overpayments of tax that the taxpayer has elected 924  
to carry forward to a subsequent tax year; 925

(e) Any other information the municipal corporation deems 926  
relevant in order to effectuate the tax commissioner's efficient 927  
administration of the tax on the municipal corporation's behalf. 928

(3) A municipal corporation shall submit the information 929  
required under division (C) (2) of this section to the tax 930  
commissioner within ninety days after the taxpayer files its 931  
final return or within fifteen days after the end of the taxable 932  
year for which the taxpayer made the initial election under 933  
division (B) (1) of this section, whichever occurs first. For the 934  
purposes of this section, "final return" means the return filed 935  
with the municipal corporation for the taxable year immediately 936  
preceding the taxable year for which the taxpayer made the 937  
election under division (B) (1) of this section. 938

(4) If any municipal corporation fails to timely comply 939  
with ~~divisions~~ division (C) (1) and, (2), or (3) of this section, 940  
the tax commissioner ~~shall~~ may notify the director of budget and 941  
management, who, upon receiving such notification, shall 942  
withhold ~~from~~ a portion of each payment made to the municipal 943  
corporation under section 718.83 of the Revised Code. The 944  
commissioner shall specify the percentage of the payment to be 945  
withheld, not to exceed fifty per cent of the amount of the 946  
payment otherwise due to the municipal corporation under that 947  
section. The director shall compute the withholding on the basis 948  
of the tax rate most recently certified to the tax commissioner 949  
until the municipal corporation complies with divisions (C) (1) 950  
and, (2), and (3) of this section. 951

If, after any such withholding, the municipal corporation 952  
complies with divisions (C) (1), (2), and (3) of this section, 953

the tax commissioner shall notify the director of budget and 954  
management, who shall provide payment to the municipal 955  
corporation under section 718.83 of the Revised Code of such 956  
amounts withheld under this division. 957

(D) The tax commissioner shall enforce and administer 958  
sections 718.80 to 718.95 of the Revised Code. In addition to 959  
any other powers conferred upon the tax commissioner by law, the 960  
tax commissioner may: 961

(1) Prescribe all forms necessary to administer those 962  
sections; 963

(2) Adopt such rules as the tax commissioner finds 964  
necessary to carry out those sections; 965

(3) Appoint and employ such personnel as are necessary to 966  
carry out the duties imposed upon the tax commissioner by those 967  
sections. 968

(E) No tax administrator shall utilize sections 718.81 to 969  
718.95 of the Revised Code in the administrator's administration 970  
of a municipal income tax, and those sections shall not be 971  
applied to any taxpayer that has not made the election under 972  
this section. 973

(F) Nothing in this chapter shall be construed to make any 974  
section of this chapter, other than sections 718.01 and 718.80 975  
to 718.95 of the Revised Code, applicable to the tax 976  
commissioner's administration of a municipal income tax or to 977  
any taxpayer that has made the election under this section. 978

(G) The tax commissioner shall not be considered a tax 979  
administrator, as that term is defined in section 718.01 of the 980  
Revised Code. 981

**Sec. 718.81.** If a term used in sections 718.80 to 718.95 982  
of the Revised Code that is not otherwise defined in this 983  
chapter is used in a comparable context in both the laws of the 984  
United States relating to federal income tax and in Title LVII 985  
of the Revised Code and the use is not consistent, then the use 986  
of the term in the laws of the United States relating to federal 987  
income tax shall have control over the use of the term in Title 988  
LVII of the Revised Code, unless the term is defined in Chapter 989  
5703. of the Revised Code, in which case the definition in that 990  
chapter shall control. Any reference in this chapter to the 991  
Internal Revenue Code includes other laws of the United States 992  
related to federal income taxes. If a term is defined in both 993  
this section and section 718.01 of the Revised Code, the 994  
definition in this section shall control for all uses of that 995  
term in sections 718.80 through 718.95 of the Revised Code. 996

As used in sections 718.80 to 718.95 of the Revised Code 997  
only: 998

(A) "Municipal taxable income" means income apportioned or 999  
situated to the municipal corporation under section 718.82 of the 1000  
Revised Code, as applicable, reduced by any pre-2017 net 1001  
operating loss carryforward available to the person for the 1002  
municipal corporation. 1003

(B) "Adjusted federal taxable income," for a person 1004  
required to file as a C corporation, or for a person that has 1005  
elected to be taxed as a C corporation as described in division 1006  
(D) (5) of section 718.01 of the Revised Code, means a C 1007  
corporation's federal taxable income before net operating losses 1008  
and special deductions as determined under the Internal Revenue 1009  
Code, adjusted as follows: 1010

(1) Deduct intangible income to the extent included in 1011

federal taxable income. The deduction shall be allowed 1012  
regardless of whether the intangible income relates to assets 1013  
used in a trade or business or assets held for the production of 1014  
income. 1015

(2) Add an amount equal to five per cent of intangible 1016  
income deducted under division (B)(1) of this section, but 1017  
excluding that portion of intangible income directly related to 1018  
the sale, exchange, or other disposition of property described 1019  
in section 1221 of the Internal Revenue Code. 1020

(3) Add any losses allowed as a deduction in the 1021  
computation of federal taxable income if the losses directly 1022  
relate to the sale, exchange, or other disposition of an asset 1023  
described in section 1221 or 1231 of the Internal Revenue Code. 1024

(4) (a) Except as provided in division (B)(4)(b) of this 1025  
section, deduct income and gain included in federal taxable 1026  
income to the extent the income and gain directly relate to the 1027  
sale, exchange, or other disposition of an asset described in 1028  
section 1221 or 1231 of the Internal Revenue Code. 1029

(b) Division (B)(4)(a) of this section does not apply to 1030  
the extent the income or gain is income or gain described in 1031  
section 1245 or 1250 of the Internal Revenue Code. 1032

(5) Add taxes on or measured by net income allowed as a 1033  
deduction in the computation of federal taxable income. 1034

(6) In the case of a real estate investment trust or 1035  
regulated investment company, add all amounts with respect to 1036  
dividends to, distributions to, or amounts set aside for or 1037  
credited to the benefit of investors and allowed as a deduction 1038  
in the computation of federal taxable income. 1039

(7) Deduct, to the extent not otherwise deducted or 1040

excluded in computing federal taxable income, any income derived 1041  
from a transfer agreement or from the enterprise transferred 1042  
under that agreement under section 4313.02 of the Revised Code. 1043

(8) Deduct exempt income to the extent not otherwise 1044  
deducted or excluded in computing adjusted federal taxable 1045  
income. 1046

(9) Deduct any net profit of a pass-through entity owned 1047  
directly or indirectly by the taxpayer and included in the 1048  
taxpayer's federal taxable income unless an affiliated group of 1049  
corporations includes that net profit in the group's federal 1050  
taxable income in accordance with division (E) (3) (b) of section 1051  
718.86 of the Revised Code. 1052

(10) Add any loss incurred by a pass-through entity owned 1053  
directly or indirectly by the taxpayer and included in the 1054  
taxpayer's federal taxable income unless an affiliated group of 1055  
corporations includes that loss in the group's federal taxable 1056  
income in accordance with division (E) (3) (b) of section 718.86 1057  
of the Revised Code. 1058

If the taxpayer is not a C corporation, is not a 1059  
disregarded entity that has made the election described in 1060  
division (L) (2) of section 718.01 of the Revised Code, and is 1061  
not a publicly traded partnership that has made the election 1062  
described in division (D) (5) of section 718.01 of the Revised 1063  
Code, the taxpayer shall compute adjusted federal taxable income 1064  
under this section as if the taxpayer were a C corporation, 1065  
except guaranteed payments and other similar amounts paid or 1066  
accrued to a partner, former partner, shareholder, former 1067  
shareholder, member, or former member shall not be allowed as a 1068  
deductible expense unless such payments are a pension or 1069  
retirement benefit payment paid to a retired partner, retired 1070

shareholder, or retired member or are in consideration for the 1071  
use of capital and treated as payment of interest under section 1072  
469 of the Internal Revenue Code or United States treasury 1073  
regulations. Amounts paid or accrued to a qualified self- 1074  
employed retirement plan with respect to a partner, former 1075  
partner, shareholder, former shareholder, member, or former 1076  
member of the taxpayer, amounts paid or accrued to or for health 1077  
insurance for a partner, former partner, shareholder, former 1078  
shareholder, member, or former member, and amounts paid or 1079  
accrued to or for life insurance for a partner, former partner, 1080  
shareholder, former shareholder, member, or former member shall 1081  
not be allowed as a deduction. 1082

Nothing in division (B) of this section shall be construed 1083  
as allowing the taxpayer to add or deduct any amount more than 1084  
once or shall be construed as allowing any taxpayer to deduct 1085  
any amount paid to or accrued for purposes of federal self- 1086  
employment tax. 1087

(C) "Taxpayer" has the same meaning as in section 718.01 1088  
of the Revised Code, except that "taxpayer" does not include 1089  
natural persons or entities subject to the tax imposed under 1090  
Chapter 5745. of the Revised Code. "Taxpayer" may include 1091  
receivers, assignees, or trustees in bankruptcy when such 1092  
persons are required to assume the role of a taxpayer. 1093

(D) "Tax return" or "return" means the notifications and 1094  
reports required to be filed pursuant to sections 718.80 to 1095  
718.95 of the Revised Code for the purpose of reporting 1096  
municipal income taxes, and includes declarations of estimated 1097  
tax. 1098

(E) ~~"Taxable year" means the calendar year or the~~ 1099  
~~taxpayer's fiscal year beginning during the calendar year, or~~ 1100

~~fractional part thereof, upon which the calculation of the~~ 1101  
~~taxpayer's adjusted federal taxable income is based pursuant to~~ 1102  
~~this chapter. If a taxpayer's taxable year is changed for~~ 1103  
~~federal income tax purposes, the taxable year for purposes of~~ 1104  
~~sections 718.80 to 718.95 of the Revised Code is changed~~ 1105  
~~accordingly but may consist of an aggregation of more than one~~ 1106  
~~taxable year for federal income tax purposes. The tax~~ 1107  
~~commissioner may prescribe by rule an appropriate period as the~~ 1108  
~~taxable year for a taxpayer that has had a change of its taxable~~ 1109  
~~year for federal income tax purposes, for a taxpayer that has~~ 1110  
~~two or more short taxable years for federal income tax purposes~~ 1111  
~~as the result of a change of ownership, or for a new taxpayer~~ 1112  
~~that would otherwise have no taxable year.~~ 1113

~~(F)~~—"Assessment" means a notice of underpayment or 1114  
nonpayment of a tax issued pursuant to section 718.90 of the 1115  
Revised Code. 1116

**Sec. 718.83.** (A) On or before the last day of each month, 1117  
the tax commissioner shall certify to the director of budget and 1118  
management the amount to be paid to each municipal corporation, 1119  
based on amounts reported on annual returns and declarations of 1120  
estimated tax under sections 718.85 and 718.88 of the Revised 1121  
Code, less any amounts previously distributed and net of any 1122  
audit adjustments made or refunds granted by the commissioner, 1123  
for the calendar month preceding the month in which the 1124  
certification is made. Not later than the fifth day of each 1125  
month, the director shall provide for payment of the amount 1126  
certified to each municipal corporation from the municipal net 1127  
profit tax fund, plus a pro rata share of any investment 1128  
earnings accruing to the fund since the previous payment under 1129  
this section, and minus any reduction required by the 1130  
commissioner under division (D) of this section. Each municipal 1131

corporation's share of such earnings shall equal the proportion 1132  
that the municipal corporation's certified tax payment is of the 1133  
total taxes certified to all municipal corporations in that 1134  
quarter. All investment earnings on money in the municipal net 1135  
profit tax fund shall be credited to that fund. 1136

(B) If the tax commissioner determines that the amount of 1137  
tax paid by a taxpayer and distributed to a municipal 1138  
corporation under this section for a taxable year exceeds the 1139  
amount payable to that municipal corporation under sections 1140  
718.80 to 718.95 of the Revised Code after accounting for 1141  
amounts remitted with the annual return and as estimated taxes, 1142  
the commissioner shall proceed according to ~~divisions (A) and~~ 1143  
~~(B) of~~ section 5703.77 of the Revised Code. 1144

(C) If the amount of a municipal corporation's net 1145  
distribution computed by the commissioner under division (A) of 1146  
this section is less than zero, the commissioner may notify the 1147  
municipal corporation of the deficiency. Within thirty days 1148  
after receiving such a notice, the municipal corporation shall 1149  
pay an amount equal to the deficiency to the treasurer of state. 1150  
The treasurer of state shall credit any payment received under 1151  
this division to the municipal net profit tax fund. 1152

(D) If a municipal corporation fails to make a timely 1153  
payment required under division (C) of this section, the 1154  
commissioner may recover the deficiency using any or all of the 1155  
following options: 1156

(1) Deduct the amount of the deficiency from the next 1157  
distribution to that municipal corporation under division (A) of 1158  
this section or, if the amount of the deficiency exceeds the 1159  
amount of such distribution, withhold such distributions 1160  
entirely until the withheld amount equals the amount of the 1161



municipal corporation's deficiency; 1162

(2) Deduct the amount of the deficiency from the next 1163  
payment to that municipal corporation under division (A) of 1164  
section 5745.05 of the Revised Code or, if the amount of the 1165  
deficiency exceeds the amount of such distribution, withhold 1166  
such distributions entirely until the withheld amount equals the 1167  
amount of the municipal corporation's deficiency; 1168

(3) Deduct the amount of the deficiency from the municipal 1169  
corporation's share of the next payment made by the commissioner 1170  
under division (F) of section 321.24 of the Revised Code or, if 1171  
the amount of the deficiency exceeds the amount of the municipal 1172  
corporation's share of such payment, withhold the municipal 1173  
corporation's share of the payments entirely until the withheld 1174  
amount equals the amount of the municipal corporation's 1175  
deficiency. 1176

(E) The total amount of payments and distributions 1177  
withheld from a municipal corporation under division (D) of this 1178  
section shall not exceed the unpaid portion of the municipal 1179  
corporation's net distribution deficiency. All amounts withheld 1180  
under division (D) of this section shall be credited to the 1181  
municipal net profit tax fund. 1182

(F) The commissioner may adopt rules necessary to 1183  
administer this section. 1184

Sec. 718.841. (A) The department of taxation shall create 1185  
and maintain a world wide web portal capable of securely 1186  
exchanging information between the department and municipal 1187  
corporations. 1188

(B) The web portal created pursuant to division (A) of 1189  
this section shall be used by both the department and municipal 1190

corporations to securely exchange information as required under 1191  
sections 718.80 to 718.95 of the Revised Code. The tax 1192  
commissioner shall establish the procedures by which municipal 1193  
corporations may access the web portal and the format in which 1194  
information must be submitted. 1195

(C) If the web portal is unavailable for any reason, the 1196  
tax commissioner and municipal corporations shall provide the 1197  
information as required under sections 718.80 to 718.95 of the 1198  
Revised Code through another secure format. If the commissioner 1199  
determines it reasonably necessary, the commissioner may extend 1200  
the time within which information must be provided by not more 1201  
than forty-five days. If the commissioner extends the time 1202  
within which information must be provided, any event attaching a 1203  
penalty for failure to provide such information shall be 1204  
extended accordingly. 1205

(D) The tax commissioner may modify the web portal created 1206  
pursuant to division (A) of this section to enable the exchange 1207  
of information between the commissioner and municipal 1208  
corporations under Chapter 5745. and division (D) of section 1209  
5747.50 of the Revised Code and as otherwise required or 1210  
permitted by law. 1211

(E) The tax commissioner may adopt rules governing the use 1212  
of the web portal created pursuant to division (A) of this 1213  
section. 1214

**Sec. 718.85.** (A) (1) For each taxable year, every taxpayer 1215  
shall file an annual return. Such return, along with the amount 1216  
of tax shown to be due on the return less the amount paid for 1217  
the taxable year under section 718.88 of the Revised Code, shall 1218  
be submitted to the tax commissioner, on a form and in the 1219  
manner prescribed by the commissioner, on or before the 1220

fifteenth day of the fourth month following the end of the 1221  
taxpayer's taxable year. 1222

~~(2) If a taxpayer has multiple taxable years beginning 1223  
within one calendar year, the taxpayer shall aggregate the facts 1224  
and figures necessary to compute the tax due under this chapter, 1225  
in accordance with sections 718.81, 718.82, and, if applicable, 1226  
718.86 of the Revised Code onto its annual return. 1227~~

~~(3) The remittance shall be made payable to the treasurer 1228  
of state and in the form prescribed by the tax commissioner. If 1229  
the amount payable with the tax return is ten dollars or less, 1230  
no remittance is required. 1231~~

(B) The tax commissioner shall immediately forward to the 1232  
treasurer of state all amounts the commissioner receives 1233  
pursuant to sections 718.80 to 718.95 of the Revised Code. The 1234  
treasurer shall credit ~~ninety nine and one half per cent of such 1235  
amounts to the municipal net profit tax fund which is hereby 1236  
created in the state treasury, and the remainder to the 1237  
municipal income tax administrative fund established under 1238  
section 5745.03 of the Revised Code. 1239~~

(C) (1) Each return required to be filed under this section 1240  
shall contain the signature of the taxpayer or the taxpayer's 1241  
duly authorized agent and of the person who prepared the return 1242  
for the taxpayer, and shall include the taxpayer's 1243  
identification number. Each return shall be verified by a 1244  
declaration under penalty of perjury. 1245

(2) (a) The tax commissioner may require a taxpayer to 1246  
include, with each annual tax return, amended return, or request 1247  
for refund filed with the commissioner under sections 718.80 to 1248  
718.95 of the Revised Code, copies of any relevant documents or 1249

other information. 1250

(b) A taxpayer that files an annual tax return 1251  
electronically through the Ohio business gateway or in another 1252  
manner as prescribed by the tax commissioner shall either submit 1253  
the documents required under this division electronically as 1254  
prescribed at the time of filing or, if electronic submission is 1255  
not available, mail the documents to the tax commissioner. The 1256  
department of taxation shall publish a method of electronically 1257  
submitting the documents required under this division on or 1258  
before January 1, 2019. 1259

(3) After a taxpayer files a tax return, the tax 1260  
commissioner may request, and the taxpayer shall provide, any 1261  
information, statements, or documents required to determine and 1262  
verify the taxpayer's municipal income tax. 1263

(D) (1) (a) Any taxpayer that has duly requested an 1264  
automatic extension for filing the taxpayer's federal income tax 1265  
return shall automatically receive an extension for the filing 1266  
of a tax return with the commissioner under this section. The 1267  
extended due date of the return shall be the fifteenth day of 1268  
the tenth month after the last day of the taxable year to which 1269  
the return relates. 1270

(b) A taxpayer that has not requested or received a six- 1271  
month extension for filing the taxpayer's federal income tax 1272  
return may request that the commissioner grant the taxpayer a 1273  
six-month extension of the date for filing the taxpayer's 1274  
municipal income tax return. If the commissioner receives the 1275  
request on or before the date the municipal income tax return is 1276  
due, the commissioner shall grant the taxpayer's extension 1277  
request. 1278

(c) An extension of time to file under division (D) (1) of 1279  
this section is not an extension of the time to pay any tax due 1280  
unless the tax commissioner grants an extension of that date. 1281

(2) If the commissioner considers it necessary in order to 1282  
ensure payment of a tax imposed in accordance with section 1283  
718.04 of the Revised Code, the commissioner may require 1284  
taxpayers to file returns and make payments otherwise than as 1285  
provided in this section, including taxpayers not otherwise 1286  
required to file annual returns. 1287

(E) Each return required to be filed in accordance with 1288  
this section shall include a box that the taxpayer may check to 1289  
authorize another person, including a tax return preparer who 1290  
prepared the return, to communicate with the tax commissioner 1291  
about matters pertaining to the return. The return or 1292  
instructions accompanying the return shall indicate that by 1293  
checking the box the taxpayer authorizes the commissioner to 1294  
contact the preparer or other person concerning questions that 1295  
arise during the examination or other review of the return and 1296  
authorizes the preparer or other person only to provide the 1297  
commissioner with information that is missing from the return, 1298  
to contact the commissioner for information about the 1299  
examination or other review of the return or the status of the 1300  
taxpayer's refund or payments, and to respond to notices about 1301  
mathematical errors, offsets, or return preparation that the 1302  
taxpayer has received from the commissioner and has shown to the 1303  
preparer or other person. 1304

(F) When income tax returns or other documents require the 1305  
signature of a tax return preparer, the tax commissioner shall 1306  
accept a facsimile or electronic version of such a signature in 1307  
lieu of a manual signature. 1308

**Sec. 718.90.** (A) If any taxpayer required to file a return 1309  
under section 718.80 to 718.95 of the Revised Code fails to file 1310  
the return within the time prescribed, files an incorrect 1311  
return, or fails to remit the full amount of the tax due for the 1312  
period covered by the return, the tax commissioner may make an 1313  
assessment against the taxpayer for any deficiency for the 1314  
period for which the return or tax is due, based upon any 1315  
information in the commissioner's possession. 1316

The tax commissioner shall not make or issue an assessment 1317  
against a taxpayer more than three years after the later of the 1318  
date the return subject to assessment was required to be filed 1319  
or the date the return was filed. Such time limit may be 1320  
extended if both the taxpayer and the commissioner consent in 1321  
writing to the extension. Any such extension shall extend the 1322  
three-year time limit in section 718.91 of the Revised Code for 1323  
the same period of time. There shall be no bar or limit to an 1324  
assessment against a taxpayer that fails to file a return 1325  
subject to assessment as required by sections 718.80 to 718.95 1326  
of the Revised Code, or that files a fraudulent return. The 1327  
commissioner shall give the taxpayer assessed written notice of 1328  
the assessment as provided in section 5703.37 of the Revised 1329  
Code. With the notice, the commissioner shall provide 1330  
instructions on how to petition for reassessment and request a 1331  
hearing on the petition. 1332

(B) Unless the taxpayer assessed files with the tax 1333  
commissioner within sixty days after service of the notice of 1334  
assessment, either personally or by certified mail, a written 1335  
petition for reassessment signed by the authorized agent of the 1336  
taxpayer assessed having knowledge of the facts, the assessment 1337  
becomes final, and the amount of the assessment is due and 1338  
payable from the taxpayer to the treasurer of state. The 1339

petition shall indicate the taxpayer's objections, but 1340  
additional objections may be raised in writing if received by 1341  
the commissioner prior to the date shown on the final 1342  
determination. If the petition has been properly filed, the 1343  
commissioner shall proceed under section 5703.60 of the Revised 1344  
Code. 1345

(C) After an assessment becomes final, if any portion of 1346  
the assessment remains unpaid, including accrued interest, a 1347  
certified copy of the tax commissioner's entry making the 1348  
assessment final may be filed in the office of the clerk of the 1349  
court of common pleas in the county in which the taxpayer has an 1350  
office or place of business in this state, the county in which 1351  
the taxpayer's statutory agent is located, or Franklin county. 1352

Immediately upon the filing of the entry, the clerk shall 1353  
enter a judgment against the taxpayer assessed in the amount 1354  
shown on the entry. The judgment may be filed by the clerk in a 1355  
loose-leaf book entitled "special judgments for municipal income 1356  
taxes," and shall have the same effect as other judgments. 1357  
Execution shall issue upon the judgment upon the request of the 1358  
tax commissioner, and all laws applicable to sales on execution 1359  
shall apply to sales made under the judgment. 1360

If the assessment is not paid in its entirety within sixty 1361  
days after the day the assessment was issued, the portion of the 1362  
assessment consisting of tax due shall bear interest at the rate 1363  
per annum prescribed by section 5703.47 of the Revised Code from 1364  
the day the commissioner issues the assessment until the 1365  
assessment is paid or until it is certified to the attorney 1366  
general for collection under section 131.02 of the Revised Code, 1367  
whichever comes first. If the unpaid portion of the assessment 1368  
is certified to the attorney general for collection, the entire 1369

unpaid portion of the assessment shall bear interest at the rate 1370  
per annum prescribed by section 5703.47 of the Revised Code from 1371  
the date of certification until the date it is paid in its 1372  
entirety. Interest shall be paid in the same manner as the tax 1373  
and may be collected by issuing an assessment under this 1374  
section. 1375

~~(D) All~~ (D) (1) Except as provided in division (D) (2) of 1376  
this section, all money collected under this section shall be 1377  
credited to the municipal net profit tax fund and distributed to 1378  
the municipal corporation to which the money is owed based on 1379  
the assessment issued under this section. 1380

(2) The attorney general may assess collection costs as 1381  
authorized under section 109.08, 109.081, or 131.02 of the 1382  
Revised Code on amounts collected under this section, which 1383  
shall be credited to the attorney general claims fund created 1384  
under section 109.081 of the Revised Code. 1385

(E) If the tax commissioner believes that collection of 1386  
the tax will be jeopardized unless proceedings to collect or 1387  
secure collection of the tax are instituted without delay, the 1388  
commissioner may issue a jeopardy assessment against the 1389  
taxpayer liable for the tax. Immediately upon the issuance of 1390  
the jeopardy assessment, the commissioner shall file an entry 1391  
with the clerk of the court of common pleas in the manner 1392  
prescribed by division (C) of this section. Notice of the 1393  
jeopardy assessment shall be served on the taxpayer assessed or 1394  
the taxpayer's legal representative in the manner provided in 1395  
section 5703.37 of the Revised Code within five days of the 1396  
filing of the entry with the clerk. The total amount assessed is 1397  
immediately due and payable, unless the taxpayer assessed files 1398  
a petition for reassessment in accordance with division (B) of 1399



this section and provides security in a form satisfactory to the 1400  
commissioner and in an amount sufficient to satisfy the unpaid 1401  
balance of the assessment. Full or partial payment of the 1402  
assessment does not prejudice the commissioner's consideration 1403  
of the petition for reassessment. 1404

(F) Notwithstanding the fact that a petition for 1405  
reassessment is pending, the taxpayer may pay all or a portion 1406  
of the assessment that is the subject of the petition. The 1407  
acceptance of a payment by the treasurer of state does not 1408  
prejudice any claim for refund upon final determination of the 1409  
petition. 1410

If upon final determination of the petition an error in 1411  
the assessment is corrected by the tax commissioner, upon 1412  
petition so filed or pursuant to a decision of the board of tax 1413  
appeals or any court to which the determination or decision has 1414  
been appealed, so that the amount due from the taxpayer under 1415  
the corrected assessment is less than the portion paid, there 1416  
shall be issued to the taxpayer, its assigns, or legal 1417  
representative a refund in the amount of the overpayment as 1418  
provided by section 718.91 of the Revised Code, with interest on 1419  
that amount as provided by that section. 1420

**Sec. 5703.77.** (A) As used in this section: 1421

(1) "Taxpayer" means a person subject to or previously 1422  
subject to a tax or fee, a person that remits a tax or fee, or a 1423  
person required to or previously required to withhold or collect 1424  
and remit a tax or fee on behalf of another person. 1425

(2) "Tax or fee" means a tax or fee administered by the 1426  
tax commissioner. 1427

(3) "Credit account balance" means the amount of a tax or 1428

fee that a taxpayer remits to the state in excess of the amount 1429  
required to be remitted, after accounting for factors applicable 1430  
to the taxpayer such as accelerated payments, estimated 1431  
payments, tax credits, and tax credit balances that may be 1432  
carried forward. 1433

(4) "Tax debt" means an unpaid tax or fee or any unpaid 1434  
penalty, interest, or additional charge on such a tax or fee due 1435  
the state. 1436

(B) As soon as practicable, but not later than sixty days 1437  
before the expiration of the period of time during which a 1438  
taxpayer may file a refund application for a tax or fee, the tax 1439  
commissioner shall review the taxpayer's accounts for the tax or 1440  
fee and notify the taxpayer of any credit account balance for 1441  
which the commissioner is required to issue a refund if the 1442  
taxpayer were to file a refund application for that balance, 1443  
regardless of whether the taxpayer files a refund application or 1444  
amended return with respect to that tax or fee. The notice shall 1445  
be made using contact information for the taxpayer on file with 1446  
the commissioner. 1447

(C) Notwithstanding sections 128.47, 718.91, 3734.905, 1448  
4307.05, 5726.30, 5727.28, 5727.42, 5727.91, 5728.061, 5735.122, 1449  
5736.08, 5739.07, 5739.104, 5741.10, 5743.05, 5743.53, 5747.11, 1450  
5749.08, 5751.08, 5753.06, and any other section of the Revised 1451  
Code governing refunds of taxes or fees, the commissioner may 1452  
apply the amount of any credit account balance for which the 1453  
commissioner is required to issue a refund if the taxpayer were 1454  
to file a refund application for that balance as a credit 1455  
against the taxpayer's liability for the tax or fee in the 1456  
taxpayer's next reporting period for that tax or fee or issue a 1457  
refund of that credit account balance to the taxpayer, subject 1458

to division (D) of this section. 1459

(D) Before issuing a refund to a taxpayer under division 1460  
(C) of this section, the tax commissioner shall withhold from 1461  
that refund the amount of any of the taxpayer's tax debt 1462  
certified to the attorney general under section 131.02 of the 1463  
Revised Code and the amount of the taxpayer's liability, if any, 1464  
for a tax or fee. The commissioner shall apply any amount 1465  
withheld first in satisfaction of the amount of the taxpayer's 1466  
certified tax debt and then in satisfaction of the taxpayer's 1467  
liability. If the credit account balance originates from the tax 1468  
administered under sections 718.80 to 718.95 of the Revised 1469  
Code, it may be applied only against the taxpayer's certified 1470  
tax debt or tax liability due under those sections. 1471

(E) The tax commissioner may adopt rules to administer 1472  
this section. 1473

**Section 2.** That existing sections 718.01, 718.80, 718.81, 1474  
718.83, 718.85, 718.90, and 5703.77 of the Revised Code are 1475  
hereby repealed. 1476

**Section 3.** (A) The amendment by this act of section 718.01 1477  
and division (B) of section 718.81 of the Revised Code applies 1478  
to municipal taxable years beginning on and after January 1, 1479  
2020. 1480

(B) Except as provided in division (A) of this section, 1481  
the amendment by this act of sections 718.80, 718.81, and 718.85 1482  
of the Revised Code applies to municipal taxable years beginning 1483  
on or after January 1, 2022. 1484

**Section 4.** With respect to the world wide web portal 1485  
required to be established under section 718.841 of the Revised 1486  
Code, the Department of Taxation shall make the portal available 1487

to municipal corporations for the exchange of information	1488
required by division (C) (1) of section 718.80 of the Revised	1489
Code and divisions (B), (C), and (D) of section 718.84 of the	1490
Revised Code upon the effective date of the enactment by this	1491
act of section 718.841 of the Revised Code, and shall continue	1492
to add functionality to the portal until such time that the	1493
portal is capable of handling the exchange of all information	1494
necessary to be exchanged for the purposes of administering	1495
sections 718.80 to 718.95 of the Revised Code.	1496