

ORC 718.01

(A) As used in this chapter:

(1) "Adjusted federal taxable income" means a C corporation's federal taxable income before net operating losses and special deductions as determined under the Internal Revenue Code, adjusted as follows:

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

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

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

(d)(i) Except as provided in division (A)(1)(d)(ii) of this section, deduct income and gain included in federal taxable income to the extent the income and gain directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code;

(ii) Division (A)(1)(d)(i) of this section does not apply to the extent the income or gain is income or gain described in section 1245 or 1250 of the Internal Revenue Code.

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

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

(g) If the taxpayer is not a C corporation and is not an individual, the taxpayer shall compute adjusted federal taxable income as if the taxpayer were a C corporation, except:

(i) Guaranteed payments and other similar amounts paid or accrued to a partner, former partner, member, or former member shall not be allowed as a deductible expense; and

(ii) Amounts paid or accrued to a qualified self-employed retirement plan with respect to an owner or owner-employee of the taxpayer, amounts paid or accrued to or for health insurance for an owner or owner-employee, and amounts paid or accrued to or for life insurance for an owner or owner-employee shall not be allowed as a deduction.

Nothing in division (A)(1) of this section shall be construed as allowing the taxpayer to add or deduct any amount more than once or shall be construed as allowing any taxpayer to deduct any amount paid to or accrued for purposes of federal self-employment tax.

Nothing in this chapter shall be construed as limiting or removing the ability of any municipal corporation to administer, audit, and enforce the provisions of its municipal income tax.

(2) "Internal Revenue Code" means the Internal Revenue Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended.

(3) "Schedule C" means internal revenue service schedule C filed by a taxpayer pursuant to the Internal Revenue Code.

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

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

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

(7) For taxable years beginning on or after January 1, 2004, "net profit" for a taxpayer other than an individual means adjusted federal taxable income and "net profit" for a taxpayer who is an individual means the individual's profit required to be reported on schedule C, schedule E, or schedule F, other than any amount allowed as a deduction under division (E)(2) or (3) of this section or amounts described in division (H) of this section.

(8) "Taxpayer" means a person subject to a tax on income levied by a municipal corporation. Except as provided in division (L) of this section, "taxpayer" does not include any person that is a disregarded entity or a qualifying subchapter S subsidiary for federal income tax purposes, but "taxpayer" includes any other person who owns the disregarded entity or qualifying subchapter S subsidiary.

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

(10) "Tax administrator" means the individual charged with direct responsibility for administration of a tax on income levied by a municipal corporation and includes:

(a) The central collection agency and the regional income tax agency and their successors in interest, and other entities organized to perform functions similar to those performed by the central collection agency and the regional income tax agency;

(b) A municipal corporation acting as the agent of another municipal corporation; and

(c) Persons retained by a municipal corporation to administer a tax levied by the municipal corporation, but only if the municipal corporation does not compensate the person in whole or in part on a contingency basis.

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

(12) "Schedule E" means internal revenue service schedule E filed by a taxpayer pursuant to the Internal Revenue Code.

(13) "Schedule F" means internal revenue service schedule F filed by a taxpayer pursuant to the Internal Revenue Code.

(B) No municipal corporation shall tax income at other than a uniform rate.

(C) No municipal corporation shall levy a tax on income at a rate in excess of one per cent without having obtained the approval of the excess by a majority of the electors of the municipality voting on the question at a general, primary, or special election. The legislative authority of the municipal corporation shall file with the board of elections at least seventy-five days before the day of the election a copy of the ordinance together with a resolution

specifying the date the election is to be held and directing the board of elections to conduct the election. The ballot shall be in the following form: "Shall the Ordinance providing for a ... per cent levy on income for (Brief description of the purpose of the proposed levy) be passed?"

FOR THE INCOME TAX

AGAINST THE INCOME TAX"

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

(D)(1) Except as otherwise provided in this section, no municipal corporation shall exempt from a tax on income compensation for personal services of individuals over eighteen years of age or the net profit from a business or profession.

(2)(a) For taxable years beginning on or after January 1, 2004, no municipal corporation shall tax the net profit from a business or profession using any base other than the taxpayer's adjusted federal taxable income.

(b) Division (D)(2)(a) of this section does not apply to any taxpayer required to file a return under section 5745.03 of the Revised Code or to the net profit from a sole proprietorship.

(E)(1) The legislative authority of a municipal corporation may, by ordinance or resolution, exempt from withholding and from a tax on income the following:

(a) Compensation arising from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option; or

(b) Compensation attributable to a nonqualified deferred compensation plan or program described in section 3121(v)(2)(C) of the Internal Revenue Code.

(2) The legislative authority of a municipal corporation may adopt an ordinance or resolution that allows a taxpayer who is an individual to deduct, in computing the taxpayer's municipal income tax liability, an amount equal to the aggregate amount the taxpayer paid in cash during the taxable year to a health savings account of the taxpayer, to the extent the taxpayer is entitled to deduct that amount on internal revenue service form 1040.

(3) The legislative authority of a municipal corporation may adopt an ordinance or resolution that allows a taxpayer who has a net profit from a business or profession that is operated as a sole proprietorship to deduct from that net profit the amount that the taxpayer paid during the taxable year for medical care insurance premiums for the taxpayer, the taxpayer's spouse, and dependents as defined in section 5747.01 of the Revised Code. The deduction shall be allowed to the same extent the taxpayer is entitled to deduct the premiums on internal revenue service form 1040. The deduction allowed under this division shall be net of any related premium refunds, related premium reimbursements, or related insurance premium dividends received by the taxpayer during the taxable year.

(F) If an individual's taxable income includes income against which the taxpayer has taken a deduction for federal income tax purposes as reportable on the taxpayer's form 2106, and against which a like deduction has not been allowed by the municipal corporation, the municipal corporation shall deduct from the taxpayer's taxable income an amount equal to the deduction shown on such form allowable against such income, to the extent not otherwise so allowed as a deduction by the municipal corporation.

(G)(1) In the case of a taxpayer who has a net profit from a business or profession that is operated as a sole proprietorship, no municipal corporation may tax or use as the base for determining the amount of the net profit that shall be considered as having a taxable situs in the municipal corporation, an amount other than the net profit required to be reported by the taxpayer on schedule C or F from such sole proprietorship for the taxable year.

(2) In the case of a taxpayer who has a net profit from rental activity required to be reported on schedule E, no municipal corporation may tax or use as the base for determining the amount of the net profit that shall be

considered as having a taxable situs in the municipal corporation, an amount other than the net profit from rental activities required to be reported by the taxpayer on schedule E for the taxable year.

(H) A municipal corporation shall not tax any of the following:

(1) The military pay or allowances of members of the armed forces of the United States and of members of their reserve components, including the Ohio national guard;

(2) The income of religious, fraternal, charitable, scientific, literary, or educational institutions to the extent that such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property, or tax-exempt activities;

(3) Except as otherwise provided in division (I) of this section, intangible income;

(4) Compensation paid under section 3501.28 or 3501.36 of the Revised Code to a person serving as a precinct election official, to the extent that such compensation does not exceed one thousand dollars annually. Such compensation in excess of one thousand dollars may be subjected to taxation by a municipal corporation. A municipal corporation shall not require the payer of such compensation to withhold any tax from that compensation.

(5) Compensation paid to an employee of a transit authority, regional transit authority, or regional transit commission created under Chapter 306. of the Revised Code for operating a transit bus or other motor vehicle for the authority or commission in or through the municipal corporation, unless the bus or vehicle is operated on a regularly scheduled route, the operator is subject to such a tax by reason of residence or domicile in the municipal corporation, or the headquarters of the authority or commission is located within the municipal corporation;

(6) The income of a public utility, when that public utility is subject to the tax levied under section 5727.24 or 5727.30 of the Revised Code, except a municipal corporation may tax the following, subject to Chapter 5745. of the Revised Code:

(a) Beginning January 1, 2002, the income of an electric company or combined company;

(b) Beginning January 1, 2004, the income of a telephone company.

As used in division (H)(6) of this section, "combined company," "electric company," and "telephone company" have the same meanings as in section 5727.01 of the Revised Code.

(7) On and after January 1, 2003, items excluded from federal gross income pursuant to section 107 of the Internal Revenue Code;

(8) On and after January 1, 2001, compensation paid to a nonresident individual to the extent prohibited under section 718.011 of the Revised Code;

(9)(a) Except as provided in division (H)(9)(b) and (c) of this section, an S corporation shareholder's distributive share of net profits of the S corporation, other than any part of the distributive share of net profits that represents wages as defined in section 3121(a) of the Internal Revenue Code or net earnings from self-employment as defined in section 1402(a) of the Internal Revenue Code.

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

(c) If, on December 6, 2002, a municipal corporation was imposing, assessing, and collecting a tax on an S corporation shareholder's distributive share of net profits of the S corporation to the extent the distributive share would be allocated or apportioned to this state under divisions (B)(1) and (2) of section 5733.05 of the Revised Code if the S corporation were a corporation subject to taxes imposed under Chapter 5733. of

the Revised Code, the municipal corporation may continue to impose the tax on such distributive shares to the extent such shares would be so allocated or apportioned to this state only until December 31, 2004, unless a majority of the electors of the municipal corporation voting on the question of continuing to tax such shares after that date vote in favor of that question at an election held November 2, 2004. If a majority of those electors vote in favor of the question, the municipal corporation may continue after December 31, 2004, to impose the tax on such distributive shares only to the extent such shares would be so allocated or apportioned to this state.

(d) For the purposes of division (D) of section 718.14 of the Revised Code, a municipal corporation shall be deemed to have elected to tax S corporation shareholders' distributive shares of net profits of the S corporation in the hands of the shareholders if a majority of the electors of a municipal corporation vote in favor of a question at an election held under division (H)(9)(b) or (c) of this section. The municipal corporation shall specify by ordinance or rule that the tax applies to the distributive share of a shareholder of an S corporation in the hands of the shareholder of the S corporation.

(10) Employee compensation that is not "qualifying wages" as defined in section 718.03 of the Revised Code;

(11) Beginning August 1, 2007, compensation paid to a person employed within the boundaries of a United States air force base under the jurisdiction of the United States air force that is used for the housing of members of the United States air force and is a center for air force operations, unless the person is subject to taxation because of residence or domicile. If the compensation is subject to taxation because of residence or domicile, municipal income tax shall be payable only to the municipal corporation of residence or domicile.

(I) Any municipal corporation that taxes any type of intangible income on March 29, 1988, pursuant to Section 3 of Amended Substitute Senate Bill No. 238 of the 116th general assembly, may continue to tax that type of income after 1988 if a majority of the electors of the municipal corporation voting on the question of whether to permit the taxation of that type of intangible income after 1988 vote in favor thereof at an election held on November 8, 1988.

(J) Nothing in this section or section 718.02 of the Revised Code shall authorize the levy of any tax on income that a municipal corporation is not authorized to levy under existing laws or shall require a municipal corporation to allow a deduction from taxable income for losses incurred from a sole proprietorship or partnership.

(K)(1) Nothing in this chapter prohibits a municipal corporation from allowing, by resolution or ordinance, a net operating loss carryforward.

(2) Nothing in this chapter requires a municipal corporation to allow a net operating loss carryforward.

(L)(1) A single member limited liability company that is a disregarded entity for federal tax purposes may elect to be a separate taxpayer from its single member in all Ohio municipal corporations in which it either filed as a separate taxpayer or did not file for its taxable year ending in 2003, if all of the following conditions are met:

(a) The limited liability company's single member is also a limited liability company;

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

(c) Not later than December 31, 2004, the limited liability company and its single member each make an election to be treated as a separate taxpayer under division (L) of this section;

(d) The limited liability company was not formed for the purpose of evading or reducing Ohio municipal corporation income tax liability of the limited liability company or its single member;

(e) The Ohio municipal corporation that is the primary place of business of the sole member of the limited liability company consents to the election.

(2) For purposes of division (L)(1)(e) of this section, a municipal corporation is the primary place of business of a limited liability company if, for the limited liability company's taxable year ending in 2003, its income tax liability is

greater in that municipal corporation than in any other municipal corporation in Ohio, and that tax liability to that municipal corporation for its taxable year ending in 2003 is at least four hundred thousand dollars.

Effective Date: 03-11-2004; 12-30-2004; 2007 HB119 06-30-2007; 2007 HB24 12-21-2007

718.011 Income subject to tax - personal services performed by nonresident on twelve or fewer days.

On and after January 1, 2001, a municipal corporation shall not tax the compensation paid to a nonresident individual for personal services performed by the individual in the municipal corporation on twelve or fewer days in a calendar year unless one of the following applies:

(A) The individual who is an employee of another person; the principal place of business of the individual's employer is located in another municipal corporation in this state that imposes a tax applying to compensation paid to the individual for services performed on those days; and the individual is not liable to that other municipal corporation for tax on the compensation paid for such services.

(B) The individual is a professional entertainer or professional athlete, the promoter of a professional entertainment or sports event, or an employee of such a promoter, all as may be reasonably defined by the municipal corporation.

Effective Date: 2000 HB483 09-21-2000; 2000 SB287 12-21-2000

718.02 Income subject to tax.

This section does not apply to taxpayers that are subject to and required to file reports under Chapter 5745. of the Revised Code.

(A) Except as otherwise provided in division (D) of this section, net profit from a business or profession conducted both within and without the boundaries of a municipal corporation shall be considered as having a taxable situs in such municipal corporation for purposes of municipal income taxation in the same proportion as the average ratio of the following:

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

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

(2) Wages, salaries, and other compensation paid during the taxable period to persons employed in the business or profession for services performed in such municipal corporation to wages, salaries, and other compensation paid during the same period to persons employed in the business or profession, wherever their services are performed, excluding compensation that is not taxable by the municipal corporation under section 718.011 of the Revised Code;

(3) Gross receipts of the business or profession from sales made and services performed during the taxable period in such municipal corporation to gross receipts of the business or profession during the same period from sales and services, wherever made or performed.

If the foregoing apportionment formula does not produce an equitable result, another basis may be substituted, under uniform regulations, so as to produce an equitable result.

(B) As used in division (A) of this section, "sales made in a municipal corporation" mean:

(1) All sales of tangible personal property delivered within such municipal corporation regardless of where title passes if shipped or delivered from a stock of goods within such municipal corporation;

(2) All sales of tangible personal property delivered within such municipal corporation regardless of where title passes even though transported from a point outside such municipal corporation if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within such municipal corporation and the sales result from such solicitation or promotion;

(3) All sales of tangible personal property shipped from a place within such municipal corporation to purchasers outside such municipal corporation regardless of where title passes if the taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place where delivery is made.

(C) Except as otherwise provided in division (D) of this section, net profit from rental activity not constituting a business or profession shall be subject to tax only by the municipal corporation in which the property generating the net profit is located.

(D) This section does not apply to individuals who are residents of the municipal corporation and, except as otherwise provided in section 718.01 of the Revised Code, a municipal corporation may impose a tax on all income earned by residents of the municipal corporation to the extent allowed by the United States Constitution.

(E) If, in computing the taxpayer's adjusted federal taxable income, the taxpayer deducted any amount with respect to a stock option granted to an employee, and if the employee is not required to include in income any amount or any portion thereof because it is exempted from taxation under division (H)(10) of section 718.01 of the Revised Code and division (A)(2)(d) of section 718.03 of the Revised Code by a municipal corporation to which the taxpayer has apportioned a portion of its net profit, the taxpayer shall add the amount that is exempt from taxation to the taxpayer's net profit that was apportioned to that municipal corporation. In no case shall a taxpayer be required to add to its net profit that was apportioned to that municipal corporation any amount other than the amount upon which the employee would be required to pay tax were the amount related to the stock option not exempted from taxation.

This division applies solely for the purpose of making an adjustment to the amount of a taxpayer's net profit that was apportioned to a municipal corporation under divisions (A) and (B) of this section.

Effective Date: 09-26-2003; 12-30-2004; 2007 HB24 12-21-2007

718.021 Refundable credit allowed against income tax imposed by municipal corporation for each qualifying loss sustained by taxpayer.

(A) As used in this section:

(1) "Nonqualified deferred compensation plan" means a compensation plan described in section 3121(v)(2)(C) of the Internal Revenue Code.

(2)(a) Except as provided in division (A)(2)(b) of this section, "qualifying loss" means the excess, if any, of the total amount of compensation the payment of which is deferred pursuant to a nonqualified deferred compensation plan over the total amount of income the taxpayer has recognized for federal income tax purposes for all taxable years on a cumulative basis as compensation with respect to the taxpayer's receipt of money and property attributable to distributions in connection with the nonqualified deferred compensation plan.

(b) If, for one or more taxable years, the taxpayer has not paid to one or more municipal corporations income tax imposed on the entire amount of compensation the payment of which is deferred pursuant to a nonqualified deferred compensation plan, then the "qualifying loss" is the product of the amount resulting from the calculation described in division (A)(2)(a) of this section computed without regard to division (A)(2)(b) of this section and a fraction the numerator of which is the portion of such compensation on which the taxpayer has paid income tax to one or more municipal corporations and the denominator of which is the total amount of compensation the payment of which is deferred pursuant to a nonqualified deferred compensation plan.

(c) With respect to a nonqualified deferred compensation plan, the taxpayer sustains a qualifying loss only in the taxable year in which the taxpayer receives the final distribution of money and property pursuant to that nonqualified deferred compensation plan.

(3) "Qualifying tax rate" means the applicable tax rate for the taxable year for the which the taxpayer paid income tax to a municipal corporation with respect to any portion of the total amount of compensation the payment of which is deferred pursuant to a nonqualified deferred compensation plan. If different tax rates applied for different taxable years, then the "qualifying tax rate" is a weighted average of those different tax rates. The weighted average shall be based upon the tax paid to the municipal corporation each year with respect to the nonqualified deferred compensation plan.

(B)(1) Except as provided in division (D) of this section, a refundable credit shall be allowed against the income tax imposed by a municipal corporation for each qualifying loss sustained by a taxpayer during the taxable year. The amount of the credit shall be equal to the product of the qualifying loss and the qualifying tax rate.

(2) A taxpayer shall claim the credit allowed under this section from each municipal corporation to which the taxpayer paid municipal income tax with respect to the nonqualified deferred compensation plan in one or more taxable years.

(3) If a taxpayer has paid tax to more than one municipal corporation with respect to the nonqualified deferred compensation plan, the amount of the credit that a taxpayer may claim from each municipal corporation shall be calculated on the basis of each municipal corporation's proportionate share of the total municipal corporation income tax paid by the taxpayer to all municipal corporations with respect to the nonqualified deferred compensation plan.

(4) In no case shall the amount of the credit allowed under this section exceed the cumulative income tax that a taxpayer has paid to a municipal corporation for all taxable years with respect to the nonqualified deferred compensation plan.

(C)(1) For purposes of this section, municipal corporation income tax that has been withheld with respect to a nonqualified deferred compensation plan shall be considered to have been paid by the taxpayer with respect to the nonqualified deferred compensation plan.

(2) Any municipal income tax that has been refunded or otherwise credited for the benefit of the taxpayer with respect to a nonqualified deferred compensation plan shall not be considered to have been paid to the municipal corporation by the taxpayer.

(D) The credit allowed under this section is allowed only to the extent the taxpayer's qualifying loss is attributable to:

(1) The insolvency or bankruptcy of the employer who had established the nonqualified deferred compensation plan; or

(2) The employee's failure or inability to satisfy all of the employer's terms and conditions necessary to receive the nonqualified deferred compensation.

Effective Date: 09-26-2003

718.03 Withholding taxes from qualifying wages.

(A) As used in this section:

(1) "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.

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

(a) Deduct the following amounts:

(i) 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;

(ii) For purposes of division (B) of this section, any amount included in wages if the amount constitutes payment on account of sickness or accident disability.

(b) Add the following amounts:

(i) Any amount not included in wages solely because the employee was employed by the employer prior to April 1, 1986;

(ii) Any amount not included in wages because the amount arises from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option and the municipal corporation has not, by resolution or ordinance, exempted the amount from withholding and tax. Division (A)(2)(b)(ii) of this section applies only to those amounts constituting ordinary income.

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

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

(c) Deduct any amount attributable to a nonqualified deferred compensation plan or program described in section 3121(v)(2)(C) of the Internal Revenue Code if the compensation is included in wages and has, by resolution or ordinance, been exempted from taxation by the municipal corporation.

(d) Deduct any amount included in wages if the amount arises from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option and the municipal corporation has, by resolution or ordinance, exempted the amount from withholding and tax.

(B) For taxable years beginning after 2003, no municipal corporation shall require any employer or any agent of any employer or any other payer, to withhold tax with respect to any amount other than qualifying wages. Nothing in this section prohibits an employer from withholding tax on a basis greater than qualifying wages.

(C) An employer is not required to make any withholding with respect to an individual's disqualifying disposition of an incentive stock option if, at the time of the disqualifying disposition, the individual is not an employee of the corporation with respect to whose stock the option has been issued.

(D)(1) An employee is not relieved from liability for a tax by the failure of the employer to withhold the tax as required by a municipal corporation or by the employer's exemption from the requirement to withhold the tax.

(2) The failure of an employer to remit to the municipal corporation the tax withheld relieves the employee from liability for that tax unless the employee colluded with the employer in connection with the failure to remit the tax withheld.

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

Effective Date: 09-26-2003; 2007 HB119 07-01-2007

718.04 Member or employee of Ohio general assembly excluded from tax.

No municipal corporation other than the city of residence shall levy a tax on the income of any member or employee of the Ohio general assembly including the lieutenant governor which income is received as a result of services rendered as such member or employee and is paid from appropriated funds of this state.

Effective Date: 02-21-1967

718.041 Termination of courts' jurisdiction to hear cases concerning recovery of tax on exempt income.

As of November 19, 1965, the jurisdiction of the courts of Ohio to hear and determine actions for the recovery of taxes on income that is exempt under section 718.04 of the Revised Code shall terminate.

Effective Date: 07-26-2000

718.05 Filing date for return.

(A) As used in this section:

(1) "Generic form" means an electronic or paper form designed for reporting estimated municipal income taxes and annual municipal income tax liability or for filing a refund claim that is not prescribed by a particular municipal corporation for the reporting of that municipal corporation's tax on income.

(2) "Return preparer" means any person other than a taxpayer that is authorized by a taxpayer to complete or file an income tax return, report, or other document for or on behalf of the taxpayer.

(B) Except as otherwise provided in division (D) of this section or section 718.051 of the Revised Code, a municipal corporation shall not require a taxpayer to file an annual income tax return or report on any date before the filing date for the corresponding tax reporting period as prescribed for such a taxpayer under the Internal Revenue Code.

(C)(1) On and after January 1, 2001, any municipal corporation that requires taxpayers to file income tax returns, reports, or other documents shall accept for filing a generic form of such a return, report, or document if the generic form, once completed and filed, contains all of the information required to be submitted with the municipal corporation's prescribed returns, reports, or documents, and if the taxpayer or return preparer filing the generic form otherwise complies with rules or ordinances of the municipal corporation governing the filing of returns, reports, or documents.

(2) Any municipal corporation that requires taxpayers to file income tax returns, reports, or other documents requiring the signature of a return preparer shall accept a facsimile of such a signature in lieu of a manual signature.

(3) On any annual municipal income tax return, a box or other space shall be included whereby a taxpayer may elect to authorize a return preparer to communicate with the tax administrator about matters pertaining to the return. The return or instructions accompanying the return shall indicate that, by making the election, the taxpayer authorizes the tax administrator to contact the return preparer concerning questions that arise during the processing of the return and authorizes the return preparer only to provide the administrator with information that is missing from the return, to contact the administrator for information about the processing of the return or the status of the taxpayer's refund or payments, and to respond to notices about mathematical errors, offsets, or return preparation that the taxpayer has received from the administrator and has shown to the return preparer.

(D) Except as otherwise provided in section 718.051 of the Revised Code, beginning January 1, 2001, any taxpayer that has requested an extension for filing a federal income tax return may request an extension for the filing of a municipal income tax return. The taxpayer shall make the request by filing a copy of the taxpayer's request for a

federal filing extension with the individual or office charged with the administration of the municipal income tax. The request for extension shall be filed not later than the last day for filing the municipal income tax return as prescribed by ordinance or rule of the municipal corporation and division (B) of this section. The extended due date of the municipal income tax return shall be the last day of the month following the month to which the due date of the federal income tax return has been extended. A municipal corporation may deny a taxpayer's request for extension only if the taxpayer fails to timely file the request, fails to file a copy of the request for the federal extension, owes the municipal corporation any delinquent income tax or any penalty, interest, assessment, or other charge for the late payment or nonpayment of income tax, or has failed to file any required income tax return, report, or other related document for a prior tax period. The granting of an extension for filing a municipal corporation income tax return does not extend the last date for paying the tax without penalty unless the municipal corporation grants an extension of that date.

Effective Date: 09-26-2003; 2007 HB224 03-24-2008

718.051 Effect of business or profession receiving a federal extension to file.

(A) As used in this section, "Ohio business gateway" means the online computer network system, initially created by the department of administrative services under section 125.30 of the Revised Code, that allows private businesses to electronically file business reply forms with state agencies and includes any successor electronic filing and payment system.

(B) Notwithstanding section 718.05 of the Revised Code, on and after January 1, 2005, any taxpayer that is subject to any municipal corporation's tax on the net profit from a business or profession and has received an extension to file the federal income tax return shall not be required to notify the municipal corporation of the federal extension and shall not be required to file any municipal income tax return until the last day of the month to which the due date for filing the federal return has been extended, provided that, on or before the date for filing the municipal income tax return, the person notifies the tax commissioner of the federal extension through the Ohio business gateway. An extension of time to file is not an extension of the time to pay any tax due.

(C) For taxable years beginning on or after January 1, 2005, a taxpayer subject to any municipal corporation's tax on the net profit from a business or profession may file any municipal income tax return or estimated municipal income return, and may make payment of amounts shown to be due on such returns, by using the Ohio business gateway.

(D)(1) As used in this division, "qualifying wages" has the same meaning as in section 718.03 of the Revised Code.

(2) Any employer may report the amount of municipal income tax withheld from qualifying wages paid on or after January 1, 2007, and may make remittance of such amounts, by using the Ohio business gateway.

(E) Nothing in this section affects the due dates for filing employer withholding tax returns.

(F) No municipal corporation shall be required to pay any fee or charge for the operation or maintenance of the Ohio business gateway.

(G) The use of the Ohio business gateway by municipal corporations, taxpayers, or other persons pursuant to this section does not affect the legal rights of municipalities or taxpayers as otherwise permitted by law. This state shall not be a party to the administration of municipal income taxes or to an appeal of a municipal income tax matter, except as otherwise specifically provided by law.

(H)(1) The tax commissioner shall adopt rules establishing:

(a) The format of documents to be used by taxpayers to file returns and make payments through the Ohio business gateway; and

(b) The information taxpayers must submit when filing municipal income tax returns through the Ohio business gateway.

(2) The commissioner shall consult with the Ohio business gateway steering committee before adopting the rules described in division (H)(1) of this section.

(I) Nothing in this section shall be construed as limiting or removing the ability of any municipal corporation to administer, audit, and enforce the provisions of its municipal income tax.

Effective Date: 09-26-2003

718.06 Consolidated income tax return.

On and after January 1, 2003, any municipal corporation that imposes a tax on the income or net profits of corporations shall accept for filing a consolidated income tax return from any affiliated group of corporations subject to the municipal corporation's tax if that affiliated group filed for the same tax reporting period a consolidated return for federal income tax purposes pursuant to section 1501 of the Internal Revenue Code.

Effective Date: 07-26-2000

718.07 Electronic versions of rules, ordinances, blanks, and instructions available on internet.

On and after January 1, 2002, each municipal corporation that imposes a tax on income shall make electronic versions of any rules or ordinances governing the tax available to the public through the internet, including, but not limited to, ordinances or rules governing the rate of tax; payment and withholding of taxes; filing any prescribed returns, reports, or other documents; dates for filing or paying taxes, including estimated taxes; penalties, interest, assessment, and other collection remedies; rights of taxpayers to appeal; and procedures for filing appeals. On and after that date, any municipal corporation that requires taxpayers to file income tax returns, reports, or other documents shall make blanks of such returns, reports, or documents, and any instructions pertaining thereto, available to the public electronically through the internet. Electronic versions of rules, ordinances, blanks, and instructions shall be made available either by posting them on the electronic site established by the tax commissioner under section 5703.49 of the Revised Code or by posting them on an electronic site established by the municipal corporation that is accessible through the internet. If a municipal corporation establishes such an electronic site, the municipal corporation shall incorporate an electronic link between that site and the site established pursuant to section 5703.49 of the Revised Code, and shall provide to the tax commissioner the uniform resource locator of the site established pursuant to this division.

Effective Date: 07-26-2000; 11-05-2004

718.08 Estimated tax payments.

(A) As used in this section:

(1) "Estimated tax liability" means the amount that a taxpayer estimates to be the taxpayer's liability for a municipal corporation's income tax for a year prior to applying any credits, estimated tax payments, or withheld taxes for the year.

(2) "Fiscal year taxpayer" means a taxpayer that reports municipal income tax on the basis of a twelve-month period that does not coincide with the calendar year.

(B) Beginning January 1, 2003, a municipal corporation that requires taxpayers who are individuals to remit payment of estimated taxes may require such taxpayers to remit such payments only as prescribed by divisions (B)(1) to (4) of this section, subject to divisions (C) and (E)(1) and (2) of this section:

(1) Not more than twenty-two and one-half per cent of the taxpayer's estimated tax liability for the current year shall be required to have been remitted on or before the thirtieth day of April or the day on which the annual tax return for the prior year is required to be filed disregarding any extension, as prescribed by ordinance or rule of the municipal corporation;

(2) Not more than forty-five per cent of the taxpayer's estimated tax liability for the current year shall be required to have been remitted on or before the thirty-first day of July;

(3) Not more than sixty-seven and one-half per cent of the taxpayer's estimated tax liability for the current year shall be required to have been remitted on or before the thirty-first day of October;

(4) Not more than ninety per cent of the taxpayer's estimated tax liability for the year referred to in division (B)(1), (2), and (3) of this section shall be required to have been remitted on or before the thirty-first day of January.

(C) Any amount deducted and withheld for taxes from the compensation of an individual shall be considered as estimated taxes paid in equal amounts on each of the payment dates prescribed by division (B) of this section.

(D) Beginning January 1, 2003, a municipal corporation requiring taxpayers that are not individuals to remit payments of estimated taxes may require such taxpayers to remit such payments only as prescribed by divisions (D)(1) to (4) of this section, subject to division (E)(2) of this section:

(1) Not more than twenty-two and one-half per cent of the taxpayer's estimated tax liability for the current year shall be required to have been remitted on or before the day on which the annual tax return for the prior year is required to be filed disregarding any extension or, in the case of a fiscal year taxpayer, the fifteenth day of the fourth month of the taxpayer's taxable year;

(2) Not more than forty-five per cent of the taxpayer's estimated tax liability for the current year shall be required to have been remitted on or before the fifteenth day of June or, in the case of a fiscal year taxpayer, the fifteenth day of the sixth month of the taxpayer's taxable year;

(3) Not more than sixty-seven and one-half per cent of the taxpayer's estimated tax liability for the current year shall be required to have been remitted on or before the fifteenth day of September or, in the case of a fiscal year taxpayer, the fifteenth day of the ninth month of the taxpayer's taxable year;

(4) Not more than ninety per cent of the taxpayer's estimated tax liability for the current year shall be required to have been remitted on or before the fifteenth day of December or, in the case of a fiscal year taxpayer, the fifteenth day of the twelfth month of the taxpayer's taxable year.

(E) A municipal corporation shall not impose any penalty, interest, interest penalty, or other similar assessment or charge against a taxpayer for the late payment or nonpayment of estimated tax liability in either of the following circumstances:

(1) The taxpayer is an individual who resides in the municipal corporation but was not domiciled there on the first day of January of the current calendar year;

(2) The taxpayer has remitted, pursuant to division (B) or (D) of this section, an amount at least equal to one hundred per cent of the taxpayer's tax liability for the preceding year as shown on the return filed by the taxpayer for the preceding year, provided that the return for the preceding year reflected a twelve-month period and the taxpayer filed a return for the preceding year.

Effective Date: 12-21-2000

718.09 Election on tax levy dividing revenue between municipal corporation and school district.

(A) This section applies to either of the following:

(1) A municipal corporation that shares the same territory as a city, local, or exempted village school district, to the extent that not more than five per cent of the territory of the municipal corporation is located outside the school

district and not more than five per cent of the territory of the school district is located outside the municipal corporation;

(2) A municipal corporation that shares the same territory as a city, local, or exempted village school district, to the extent that not more than five per cent of the territory of the municipal corporation is located outside the school district, more than five per cent but not more than ten per cent of the territory of the school district is located outside the municipal corporation, and that portion of the territory of the school district that is located outside the municipal corporation is located entirely within another municipal corporation having a population of four hundred thousand or more according to the federal decennial census most recently completed before the agreement is entered into under division (B) of this section.

(B) The legislative authority of a municipal corporation to which this section applies may propose to the electors an income tax, one of the purposes of which shall be to provide financial assistance to the school district through payment to the district of not less than twenty-five per cent of the revenue generated by the tax, except that the legislative authority may not propose to levy the income tax on the incomes of nonresident individuals. Prior to proposing the tax, the legislative authority shall negotiate and enter into a written agreement with the board of education of the school district specifying the tax rate, the percentage of tax revenue to be paid to the school district, the purpose for which the school district will use the money, the first year the tax will be levied, the date of the special election on the question of the tax, and the method and schedule by which the municipal corporation will make payments to the school district. The special election shall be held on a day specified in division (D) of section 3501.01 of the Revised Code, except that the special election may not be held on the day for holding a primary election as authorized by the municipal corporation's charter unless the municipal corporation is to have a primary election on that day.

After the legislative authority and board of education have entered into the agreement, the legislative authority shall provide for levying the tax by ordinance. The ordinance shall state the tax rate, the percentage of tax revenue to be paid to the school district, the purpose for which the municipal corporation will use its share of the tax revenue, the first year the tax will be levied, and that the question of the income tax will be submitted to the electors of the municipal corporation. The legislative authority also shall adopt a resolution specifying the regular or special election date the election will be held and directing the board of elections to conduct the election. At least seventy-five days before the date of the election, the legislative authority shall file certified copies of the ordinance and resolution with the board of elections.

(C) The board of elections shall make the necessary arrangements for the submission of the question to the electors of the municipal corporation, and shall conduct the election in the same manner as any other municipal income tax election. Notice of the election shall be published in a newspaper of general circulation in the municipal corporation once a week for four consecutive weeks prior to the election, and shall include statements of the rate and municipal corporation and school district purposes of the income tax, the percentage of tax revenue that will be paid to the school district, and the first year the tax will be levied. The ballot shall be in the following form:

"Shall the ordinance providing for a per cent levy on income for (brief description of the municipal corporation and school district purposes of the levy, including a statement of the percentage of tax revenue that will be paid to the school district) be passed? The income tax, if approved, will not be levied on the incomes of individuals who do not reside in (the name of the municipal corporation).

For the income tax

Against the income tax

(D) If the question is approved by a majority of the electors, the municipal corporation shall impose the income tax beginning in the year specified in the ordinance. The proceeds of the levy may be used only for the specified purposes, including payment of the specified percentage to the school district.

Effective Date: 12-21-2000; 12-20-2005

718.10 Election on tax levy dividing revenue between group of municipal corporations and school district.

(A) This section applies to a group of two or more municipal corporations that, taken together, share the same territory as a single city, local, or exempted village school district, to the extent that not more than five per cent of the territory of the municipal corporations as a group is located outside the school district and not more than five per cent of the territory of the school district is located outside the municipal corporations as a group.

(B) The legislative authorities of the municipal corporations in a group of municipal corporations to which this section applies each may propose to the electors an income tax, to be levied in concert with income taxes in the other municipal corporations of the group, except that a legislative authority may not propose to levy the income tax on the incomes of individuals who do not reside in the municipal corporation. One of the purposes of such a tax shall be to provide financial assistance to the school district through payment to the district of not less than twenty-five per cent of the revenue generated by the tax. Prior to proposing the taxes, the legislative authorities shall negotiate and enter into a written agreement with each other and with the board of education of the school district specifying the tax rate, the percentage of the tax revenue to be paid to the school district, the first year the tax will be levied, and the date of the election on the question of the tax, all of which shall be the same for each municipal corporation. The agreement also shall state the purpose for which the school district will use the money, and specify the method and schedule by which each municipal corporation will make payments to the school district. The special election shall be held on a day specified in division (D) of section 3501.01 of the Revised Code, including a day on which all of the municipal corporations are to have a primary election.

After the legislative authorities and board of education have entered into the agreement, each legislative authority shall provide for levying its tax by ordinance. Each ordinance shall state the rate of the tax, the percentage of tax revenue to be paid to the school district, the purpose for which the municipal corporation will use its share of the tax revenue, and the first year the tax will be levied. Each ordinance also shall state that the question of the income tax will be submitted to the electors of the municipal corporation on the same date as the submission of questions of an identical tax to the electors of each of the other municipal corporations in the group, and that unless the electors of all of the municipal corporations in the group approve the tax in their respective municipal corporations, none of the municipal corporations in the group shall levy the tax. Each legislative authority also shall adopt a resolution specifying the regular or special election date the election will be held and directing the board of elections to conduct the election. At least seventy-five days before the date of the election, each legislative authority shall file certified copies of the ordinance and resolution with the board of elections.

(C) For each of the municipal corporations, the board of elections shall make the necessary arrangements for the submission of the question to the electors, and shall conduct the election in the same manner as any other municipal income tax election. For each of the municipal corporations, notice of the election shall be published in a newspaper of general circulation in the municipal corporation once a week for four consecutive weeks prior to the election. The notice shall include a statement of the rate and municipal corporation and school district purposes of the income tax, the percentage of tax revenue that will be paid to the school district, and the first year the tax will be levied, and an explanation that the tax will not be levied unless an identical tax is approved by the electors of each of the other municipal corporations in the group. The ballot shall be in the following form:

"Shall the ordinance providing for a ... per cent levy on income for (brief description of the municipal corporation and school district purposes of the levy, including a statement of the percentage of income tax revenue that will be paid to the school district) be passed? The income tax, if approved, will not be levied on the incomes of individuals who do not reside in (the name of the municipal corporation). In order for the income tax to be levied, the voters of (the other municipal corporations in the group), which are also in the (name of the school district) school district, must approve an identical income tax and agree to pay the same percentage of the tax revenue to the school district.

For the income tax

Against the income tax

(D) If the question is approved by a majority of the electors and identical taxes are approved by a majority of the electors in each of the other municipal corporations in the group, the municipal corporation shall impose the tax beginning in the year specified in the ordinance. The proceeds of the levy may be used only for the specified purposes, including payment of the specified percentage to the school district.

Effective Date: 12-21-2000; 12-20-2005

718.11 Board of tax appeals.

The legislative authority of each municipal corporation that imposes a tax on income shall maintain a board to hear appeals as provided in this section. The legislative authority of any municipal corporation that does not impose a tax on income on the effective date of this amendment, but that imposes such a tax after that date, shall establish such a board by ordinance not later than one hundred eighty days after the tax takes effect.

Whenever a tax administrator issues a decision regarding a municipal income tax obligation that is subject to appeal as provided in this section or in an ordinance or regulation of the municipal corporation, the tax administrator shall notify the taxpayer in writing at the same time of the taxpayer's right to appeal the decision and of the manner in which the taxpayer may appeal the decision.

Any person who is aggrieved by a decision by the tax administrator and who has filed with the municipal corporation the required returns or other documents pertaining to the municipal income tax obligation at issue in the decision may appeal the decision to the board created pursuant to this section by filing a request with the board. The request shall be in writing, shall state why the decision should be deemed incorrect or unlawful, and shall be filed within thirty days after the tax administrator issues the decision complained of.

The board shall schedule a hearing within forty-five days after receiving the request, unless the taxpayer waives a hearing. If the taxpayer does not waive the hearing, the taxpayer may appear before the board and may be represented by an attorney at law, certified public accountant, or other representative.

The board may affirm, reverse, or modify the tax administrator's decision or any part of that decision. The board shall issue a final decision on the appeal within ninety days after the board's final hearing on the appeal, and send a copy of its final decision by ordinary mail to all of the parties to the appeal within fifteen days after issuing the decision. The taxpayer or the tax administrator may appeal the board's decision as provided in section 5717.011 of the Revised Code.

Each board of appeal created pursuant to this section shall adopt rules governing its procedures and shall keep a record of its transactions. Such records are not public records available for inspection under section 149.43 of the Revised Code. Hearings requested by a taxpayer before a board of appeal created pursuant to this section are not meetings of a public body subject to section 121.22 of the Revised Code.

Effective Date: 09-26-2003

718.12 Statute of limitations.

(A) Civil actions to recover municipal income taxes and penalties and interest on municipal income taxes shall be brought within three years after the tax was due or the return was filed, whichever is later.

(B) Prosecutions for an offense made punishable under a municipal ordinance imposing an income tax shall be commenced within three years after the commission of the offense, provided that in the case of fraud, failure to file a return, or the omission of twenty-five per cent or more of income required to be reported, prosecutions may be commenced within six years after the commission of the offense.

(C) Claims for refund of municipal income taxes must be brought within the time limitation provided in division (A) of this section.

(D) Interest shall be allowed and paid on any overpayment by a taxpayer of any municipal income tax obligation from the date of the overpayment until the date of the refund of the overpayment, except that if any overpayment is refunded within ninety days after the final filing date of the annual return or ninety days after the complete return is filed, whichever is later, no interest shall be allowed on the refunded overpayment. For purposes of computing the payment of interest on overpayments, no amount of tax for any taxable year shall be treated as having been paid before the date on which the tax return for that year was due without regard to any extension of time for filing that return. The interest shall be paid at the rate of interest prescribed by section 5703.47 of the Revised Code.

Effective Date: 07-26-2000

718.121 Second municipality imposing tax after time period allowed for refund.

(A) Except as provided in division (B) of this section, if tax or withholding is paid to a municipal corporation on income or wages, and if a second municipal corporation imposes a tax on that income or wages after the time period allowed for a refund of the tax or withholding paid to the first municipal corporation, the second municipal corporation shall allow a nonrefundable credit, against the tax or withholding the second municipality claims is due with respect to such income or wages, equal to the tax or withholding paid to the first municipal corporation with respect to such income or wages.

(B) If the tax rate in the second municipal corporation is less than the tax rate in the first municipal corporation, then the credit described in division (A) of this section shall be calculated using the tax rate in effect in the second municipal corporation.

(C) Nothing in this section permits any credit carryforward.

Effective Date: 09-26-2004

718.13 Tax information confidential.

(A) Any information gained as a result of returns, investigations, hearings, or verifications required or authorized by this chapter or by a charter or ordinance of a municipal corporation levying an income tax pursuant to this chapter is confidential, and no person shall disclose such information except in accordance with a proper judicial order or in connection with the performance of that person's official duties or the official business of the municipal corporation as authorized by this chapter or the charter or ordinance authorizing the levy. The tax administrator of the municipal corporation may furnish copies of returns filed under this chapter to the internal revenue service and to the tax commissioner.

(B) This section does not prohibit the legislative authority of a municipal corporation, by ordinance or resolution, from authorizing the tax administrator to publish statistics in a form that does not disclose information with respect to particular taxpayers.

Effective Date: 07-26-2000; 2007 HB119 09-29-2007

718.14 Tax treatment of pass-through entities.

(A) As used in this section:

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

(2) "Pass-through entity" means a partnership, limited liability company, S corporation, or any other class of entity the income or profits from which are given pass-through treatment under the Internal Revenue Code.

(3) "Income from a pass-through entity" means partnership income of partners, membership interests of members of a limited liability company, distributive shares of shareholders of an S corporation, or other distributive or proportionate ownership shares of income from other pass-through entities.

(4) "Owner" means a partner of a partnership, a member of a limited liability company, a shareholder of an S corporation, or other person with an ownership interest in a pass-through entity.

(5) "Owner's proportionate share," with respect to each owner of a pass-through entity, means the ratio of (a) the owner's income from the pass-through entity that is subject to taxation by the municipal corporation, to (b) the

total income from that entity of all owners whose income from the entity is subject to taxation by that municipal corporation.

(B) On and after January 1, 2003, any municipal corporation imposing a tax that applies to income from a pass-through entity shall grant a credit to each owner who is domiciled in the municipal corporation for taxes paid to another municipal corporation by a pass-through entity that does not conduct business in the municipal corporation. The amount of the credit shall equal the lesser of the following amounts, subject to division (C) of this section:

(1) The owner's proportionate share of the amount, if any, of tax paid by the pass-through entity to another municipal corporation in this state;

(2) The owner's proportionate share of the amount of tax that would be imposed on the pass-through entity by the municipal corporation in which the taxpayer is domiciled if the pass-through entity conducted business in the municipal corporation.

(C) If a municipal corporation grants a credit for a percentage, less than one hundred per cent, of the amount of income taxes paid on compensation by an individual who resides or is domiciled in the municipal corporation to another municipal corporation, the amount of credit otherwise required by division (B) of this section shall be multiplied by that percentage.

(D) On and after January 1, 2003, any municipal corporation that imposes a tax on income of or from a pass-through entity shall specify by ordinance or rule whether the tax applies to income of the pass-through entity in the hands of the entity or to income from the pass-through entity in the hands of the owners of the entity. A municipal corporation may specify a different ordinance or rule under this division for each of the classes of pass-through entity enumerated in division (A)(2) of this section.

Effective Date: 09-26-2003

718.15 Tax credit for businesses that foster new jobs in Ohio.

A municipal corporation, by ordinance, may grant a refundable or nonrefundable credit against its tax on income to a taxpayer that also receives a tax credit under section 122.17 of the Revised Code. If a credit is granted under this section, it shall be measured as a percentage of the new income tax revenue the municipal corporation derives from new employees of the taxpayer and shall be for a term not exceeding fifteen years. Before the municipal corporation passes an ordinance granting a credit, the municipal corporation and the taxpayer shall enter into an agreement specifying all the conditions of the credit.

Effective Date: 09-26-2003

718.151 Tax credits to foster job retention.

A municipal corporation, by ordinance, may grant a nonrefundable credit against its tax on income to a taxpayer that also receives a tax credit under section 122.171 of the Revised Code. If a credit is granted under this section, it shall be measured as a percentage of the income tax revenue the municipal corporation derives from the retained employees of the taxpayer, and shall be for a term not exceeding fifteen years. Before a municipal corporation passes an ordinance allowing such a credit, the municipal corporation and the taxpayer shall enter into an agreement specifying all the conditions of the credit.

Effective Date: 09-26-2003

718.16 Tax credit to person who works in joint economic development zone or district.

A municipal corporation shall grant a credit against its tax on income to a resident of the municipal corporation who works in a joint economic development zone created under section 715.691 or a joint economic development

district created under section 715.70, 715.71, or 715.72 of the Revised Code to the same extent that it grants a credit against its tax on income to its residents who are employed in another municipal corporation.

Effective Date: 07-26-2000