



Ohio Legislative Service Commission

Sub. Bill Comparative Synopsis

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H.B. 5

130th General Assembly
(House Ways & Means)

This table summarizes how the latest substitute version of the bill differs from the immediately preceding version. It addresses only the topics on which the two versions differ substantively. It does not list topics on which the two bills are substantively the same.

Topic	Previous Version (As Introduced)	Sub. Version (LSC 130 1581-2)
Municipal income tax ordinances	Requires a municipal corporation to either repeal its existing municipal income tax ordinances or resolutions by January 1, 2015, or amend those ordinances or resolutions to comply with the bill's limitations by that date. Otherwise, the municipal corporation's income tax is repealed on December 31, 2014 (<i>R.C. 718.04(B)</i>).	Requires a municipal corporation to amend its income tax ordinance to include, by January 1, 2015, certain statements, including that the tax is subject to the new limitations imposed by the bill, but does not require that a municipal corporation's income tax be automatically repealed if the ordinance is not so amended (<i>R.C. 718.04</i>).
Income tax base for certain municipal corporations	Authorizes a municipal corporation that, on or before December 31, 2011, adopted federal adjusted gross income (FAGI) as the income subject to tax for purposes of imposing a tax on income to continue to use FAGI as the tax base for the taxation of individual residents. Requires that the municipal corporation tax the income of nonresident individuals and the net profit of other taxpayers (<i>R.C. 718.02(B)(1)(b)</i>).	Authorizes a "qualified municipal corporation" that, on or before December 31, 2011, adopted Ohio adjusted gross income (AGI) – the Ohio's income tax base – plus certain exemptions as the income subject to tax for purposes of imposing a tax on income to continue to use Ohio AGI with the exemptions as the tax base for the taxation of individual residents.

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		Authorizes the qualified municipal corporation to exempt income earned by nonresident individuals and the net profits of persons not wholly located within the qualified municipal corporation from the tax and corresponding withholding obligations (<i>R.C. 718.01(A)(2) and (RR)</i>).
Taxation of pass-through entities	<p>Prohibits municipal corporations from taxing the income of pass-through entities (e.g., partnerships, S corporations, limited liability companies) at the entity level (<i>R.C. 718.01(D)(4)</i>).</p> <p>Requires pass-through entities doing business in a municipal corporation levying an income tax to withhold and pay the tax on behalf of all owners of the entity; the owners' individual tax liabilities for their shares of the entity's net profit are credited with the payment (<i>R.C. 718.43</i>).</p>	<p>Prohibits municipal corporations from taxing the income from pass-through entities at the individual owner level except for residents of the municipal corporation, but exempts residents' distributive shares of net profit from an S corporation unless the municipal corporation taxed such shares of residents before 2015 (<i>R.C. 718.01(B)(1) and (2) and (C)(14)</i>).</p> <p>Requires municipal corporations to tax pass-through entities, including S corporations, at the entity level, similar to corporations (<i>R.C. 718.01(B)(3)</i>).</p>
Pass-through entity loss offset of other income	Prohibits an individual from using losses incurred by a pass-through entity attributable to the individual's share to offset other types of income, except pass-through entity income and wages and other compensation (<i>R.C. 718.01(B)(1)(a)</i>).	Authorizes a resident individual to use losses incurred by a pass-through entity attributable to the individual's share to offset "any other" net profit (a nonresident individual's pass-through entity distributive share is subject to tax only at the entity level) (<i>R.C. 718.01(B)(1)</i>).

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Taxation of qualifying subchapter S subsidiaries	Taxes the net profit of a qualifying subchapter S subsidiary (an S corporation wholly owned by a single owner) as other pass-through entities (see above).	Does not directly tax the net profit of a qualified subchapter S subsidiary, but includes the subsidiary's income in the net profit of its single owner, and additionally taxes all entities that are disregarded entities for federal tax purposes similarly to qualifying subchapter S subsidiaries (<i>R.C. 718.01(D)(3)</i>).
Qualifying wages: deduction of exempt income	Prohibits an employer from deducting from an employee's withheld qualifying wages any portion of those wages that is income exempt from taxation (<i>R.C. 718.01(R)(3)</i>).	No similar provision.
Grantor trusts	Excludes grantor trusts—trusts in which the grantor retains certain powers over the trust's administration—from the definition of "person," excluding the trusts from any provision of municipal income tax law (<i>R.C. 718.01(M)</i>).	Does not exclude grantor trusts from definition of "person," but grantor trusts remain excluded from the definition of "taxpayer."
Gambling loss deduction	Allows a taxpayer with taxable gambling income to subtract from that income the amount of the taxpayer's federal wagering loss deduction (<i>R.C. 718.01(B)(4)</i>).	Allows only a taxpayer that is a professional gambler for federal income tax purposes to subtract the amount of the taxpayer's federal wagering loss deduction (<i>R.C. 718.01(B)(4)</i>).
Exempt income: retirement income	Exempts from tax any retirement, Social Security, disability, or pension benefits or nonsupplemental unemployment compensation, except any amount included in qualifying wages (<i>R.C. 718.01(C)(3)</i>).	Exempts from tax payments from any pension plan or any pension benefit, whether or not included in qualifying wages (<i>R.C. 718.01(C)(3)</i>).
Exempt income: income of individuals under age 18	Exempts from taxation all income earned by individuals under age 18, except for qualifying wages (<i>R.C. 718.01(C)(14)</i>).	Authorizes municipal corporations to exempt all or a portion of income earned by an individual aged 18 or younger, or a subset of those individuals, to the extent such income was exempted by an ordinance adopted before January 1, 2015 (<i>R.C. 718.01(C)(15)</i>).

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Exempt income: nonresident compensation	No similar provision (subjects such compensation to tax).	Exempts from tax any compensation, other than qualifying wages, of a nonresident individual for personal services performed in the municipal corporation, but does not exempt such income of professional athletes or entertainers or public figures (<i>R.C. 718.01(C)(17)</i>).
Exempt income: pass-through entities	No similar provision.	Provides that exempt income in the hands of a pass-through entity is also exempt in the hands of owners (<i>R.C. 718.01(C)</i>).
Exemption for guaranteed payments to partners	Prohibits entities that are not subchapter C corporations from deducting from the entity's net profit guaranteed payments and other similar amounts paid or accrued to a partner, former partner, shareholder, former shareholder, member, or former member (<i>R.C. 718.01(E)</i>).	Same as the As Introduced bill, except allows a partnership to deduct from the partnership's net profits guaranteed payments to partners for the use of capital that are treated as payment of interest under federal law (<i>R.C. 718.01(E)</i>).
Net profit reported on form 4797	Requires municipal corporations to tax an individual's net profit reported on I.R.C. Form 4797 (<i>R.C. 718.01(D)(2)</i>).	No similar provision (does not authorize municipal corporations to tax net profit reported solely on Form 4797).
Net operating loss carryforward	Requires all municipal corporations to allow a five-year carryforward of net operating losses (NOLs), phasing in the requirement over five years beginning in 2015 (<i>R.C. 718.01(E)(8)</i>).	Allows a municipal corporation that levies an income tax before 2015 to use a carryforward period prescribed by the municipal corporation for taxable years beginning in 2015 or 2016, then requires a five-year carryforward thereafter, except that for taxable years beginning after 2016 but before 2022, a business may deduct only 50% of the business's net operating loss. Requires a municipal corporation that does not levy an income tax before 2015 to allow net operating losses to be carried forward for five years. (<i>R.C. 718.01(E)(8)</i>).

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Pre-2015 net operating loss	Allows NOLs incurred before 2015 to be carried forward and deducted from pre-apportioned income according to the ordinances or resolutions in effect before that year, but apportions such loss under the apportionment factors as modified by the bill (<i>R.C. 718.01(A) and (E)(9)</i>).	Same as the As Introduced bill, except apportions such loss under the apportionment factors in effect before 2015 and requires the carryforwards to be deducted from post-apportioned income (<i>R.C. 718.01(A) and (SS)</i>).
Municipal Income Tax Net Operating Loss Review Committee	No similar provision.	<p>Creates a temporary 11-member committee composed of taxpayer, municipal, and legislative representatives to study and issue a report on the potential fiscal impact of requiring municipal corporations to allow NOL to be carried forward for five years, provided adequate date is received.</p> <p>Requires each municipal corporation levying an income tax to report to the committee the difference between the municipal corporation's projected or actual income tax revenue in calendar years 2011 to 2018 and the income tax revenue that would have resulted in those years if the municipal corporation had allowed taxpayers to carry forward NOL incurred in 2011, 2012, or 2013 for five years, but does not impose any penalty if a municipal corporation does not report this information (<i>Section 6</i>).</p>
Patronage dividends	Disallows a municipal corporation from requiring patronage dividends paid, distributed, or accrued to be added to an entity's net profit to the extent deducted for federal purposes (<i>R.C. 718.01(E)(10)</i>).	No similar provision.

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Pass-through entity net profits	No similar provision.	Requires a business to deduct net profit or add losses of a pass-through entity of which the business is an owner, unless the pass-through entity's profits or loss is included as part of an affiliated group (<i>R.C. 718.01(E)(9) and (10)</i>). Such profit or loss is included on a consolidated return if one is filed, unless the corporate owner elects otherwise. (See Consolidated returns , below.)
Intangible income exemption	Does not include an exemption for any intangible income reported on I.R.S. Schedule C, E, or F (<i>R.C. 718.01(S)</i>).	Exempts from tax all intangible income, including any such income reported on Schedule C, E, or F (<i>R.C. 718.01(S)</i>).
Unreimbursed business expense deduction	No similar provision.	Authorizes an individual to deduct from the individual's taxable income unreimbursed employee expenses reported on the individual's I.R.S. Form 2106, to the extent those expenses are deducted for federal tax purposes and situated to the municipal corporation where the individual performed corresponding services (<i>R.C. 718.01(A)(2)</i>).
Residency and domicile	<p>Permits municipal corporations to treat an individual as a resident for municipal income tax purposes only if the individual is domiciled in the municipal corporation and is an Ohio resident for the purposes of the state income tax as determined under the state's "bright line" residency test (<i>R.C. 718.01(J)</i>).</p> <p>No similar provision.</p> <p>No similar provision.</p>	<p>Permits municipal corporations to treat an individual as a resident for municipal income tax purposes if the individual is "domiciled" in the municipal corporation (<i>R.C. 718.01(J)</i>).</p> <p>A person's domicile as the principal residence that a person intends to use for an indefinite period of time and to which, whenever absent, the person intends to return.</p> <p>Provides that an individual is presumed to be</p>

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	No similar provision.	<p>domiciled in a municipal corporation if the tax administrator reasonably concludes that the individual is domiciled in the municipality. The taxpayer may rebut this presumption by showing by a preponderance of the evidence that the taxpayer was not domiciled in the municipal corporation.</p> <p>Sets forth 11 factors that may be used in determining, or rebutting the presumption of, an individual's domicile, and allows a tax administrator or taxpayer to use other relevant factors. The 11 factors consider the location of (1) the individual's financial advisors, insurance agents, attorneys, accountants, or doctors, (2) business ventures in which the individual is a partner or shareholder or for which the individual serves on the board of directors, (3) charitable organizations to which the individual donates, (4) the individual's friends, dependents, and family members, (5) educational institutions attended by the individual's dependents, (6) where the individual shops, (7) where the individual is registered to vote, (8) property owned by the individual, (9) the address listed on the individual's driver's license, (10) where the individual is employed, and (11) the address on the individual's tax returns, bills, credit card statements, and other mail. (R.C. 718.012.)</p>

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Resident credit for tax paid to other municipalities	Authorizes municipal corporations to allow residents to claim a credit equal to all or a portion of the tax the resident paid to other municipal corporations on income earned in those other municipal corporations (<i>R.C. 718.04(E)</i>).	Same, except requires municipal corporations that allow the credit to allow it for tax the resident paid to all municipal corporations, including the municipal corporation of residence that allows the credit (<i>R.C. 718.04(E)</i>).
Casual entrant rule	<p>Exemption: Prohibits a municipal corporation from taxing the compensation paid to a nonresident individual who worked in the municipal corporation for 20 days or fewer in a year (<i>R.C. 718.01(C)(15)</i>).</p> <p>No similar provision.</p> <p>Withholding: Provides that employers are not required to withhold taxes against wages that an employee earns for work performed in a municipal corporation on 20 or fewer days per year if the employer withholds taxes against such wages for the municipal corporation in which the employee's principal workplace is located (<i>R.C. 718.011(C)</i>).</p> <p>Specifies that, when an employee provides services in a municipal corporation for 21 or more days per year, the employer must</p>	<p>Same as the As Introduced bill, except that such compensation is not exempt if the individual works in the municipal corporation on more than 20 days in a year and the individual's employer elects to withhold taxes from the individual's compensation for every day the employee worked in the municipal corporation (including for the first 20 days). (<i>R.C. 718.01(C)(16)</i>).</p> <p>Prohibits a municipal corporation from taxing any compensation paid to a nonresident employee of an employer with less than \$500,000 in annual gross receipts, if that employer's only fixed location is not located in the municipal corporation. (<i>R.C. 718.011(E)</i>).</p> <p>Withholding: Same as the As Introduced bill, but allows an employee to receive a refund of such taxes withheld for the municipal corporation in which the employee's principal workplace is located. If the taxes are refunded, the employee's compensation is instead taxable by the municipal corporation in which the services were provided. (<i>R.C. 718.01(C)(16) and 718.011(C)</i>).</p> <p>Same as the As Introduced bill, but allows an employer to elect to withhold taxes on all wages a nonresident employee earned in a</p>

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	<p>begin withholding taxes on wages earned on and after the 21st day for the municipal corporation in which the services were provided (R.C. 718.011(D)).</p> <p>Small employers: No similar provision.</p>	<p>municipal corporation during the year (including the wages earned on the first 20 days). An employer must make the election on the employer's annual net profit return filed with the municipal corporation. (R.C. 718.011(D)).</p> <p>Small employers: Requires employers with under \$500,000 in annual taxable gross receipts for purposes of the commercial activity tax to withhold tax on all employees' qualifying wages only to the municipal corporation in which the employer has its sole fixed location. As with employees subject to the 20-day rule, the employee may receive a refund of such taxes on the basis that the employee performed work in another municipal corporation. In such a case, the employee is subject to tax in that other municipal corporation. A tax administrator may require an employer to submit its prior year federal income tax return to establish eligibility under the rule.</p>
<p>Apportionment of net profit</p>	<p>Sales factor: Provides that, when computing a business' "sales" factor under the apportionment formula, goods are considered to have been sold in a municipal corporation only when the purchaser received the goods in the municipality.</p>	<p>Sales factor: Provides that goods are considered to have been sold in a municipal corporation for purposes of the apportionment formula if the goods are:</p> <p>(1) Delivered within the municipal corporation, regardless of where title passes, if shipped or delivered from inventory within the municipal corporation;</p> <p>(2) Delivered within the municipal corporation, regardless of where title passes, even if transported from a point outside such municipal corporation if the taxpayer is regularly engaged through its employees in the solicitation or</p>

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	<p>Stock options: Removes a provision of current law that requires that, if a business deducts from its federal adjusted gross income the amount of a stock option granted to an employee, but that employee is not required to include the stock option in computing the employee's income in a municipal corporation to which the business apportions part of its net profit, the business must add the amount of such stock option back to the business' net profit apportioned to that municipal corporation.</p> <p>Gambling winnings: Provides a specific rule for the apportionment of gambling winnings received by a person that is not engaged in a trade or business but whose "primary activity" is generating such winnings. Under the rule, the person's winnings are taxable in the municipal corporation in which the winnings are received and, if the person is an individual, the municipal corporation in which the individual resides.</p>	<p>promotion of sales within that municipal corporation and the sales result from that solicitation or promotion;</p> <p>(3) 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 employees or the employees of a related member, regularly engaged in the solicitation or promotion of sales at the place where delivery is made (<i>R.C. 718.02(D)(1)</i>).</p> <p>Stock options: Maintains current law (<i>R.C. 718.02(G)</i>).</p> <p>Gambling winnings: No similar provision.</p>

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	<p>Rental income: Provides that, if a person receives income from rental activity but is not in the business of renting property, the person's net profit is taxable only where the property is located.</p> <p>Real estate activity: Requires real estate brokers and agents to apportion their net profit to a municipal corporation based upon the proportion of the commissions that the agent or broker earned from the sale of property located in the municipal corporation as compared to the agent's or broker's total commissions in that year.</p> <p>No similar provision.</p>	<p>Rental income: Provides that, if an individual receives income from rental activity, the individual's net profit is taxable by the municipal corporation in which the property is located and the municipal corporation in which the individual resides. The provision is similar to current law, except that current law refers to "persons not in the business of renting property" instead of "individuals." (<i>R.C. 718.02(E)</i>).</p> <p>Real estate activity: Same as the As Introduced bill, but adds that real estate commissions earned from the sale of property must be situated to the municipal corporation in which the property is located, and that the apportionment rule applies to the purchase and lease of property, not just sales.</p> <p>Requires real estate brokers and agents to report their total net profit from real estate activity on the tax return filed with their municipal corporation of residence, but specifically allows the municipal corporation of residence to grant a credit for the taxes the broker or agent paid on such net profit to other municipal corporations.</p>
Apportionment of professional athlete income	Requires professional athletes to apportion their income to municipal corporations based on a specific formula that analyzes the number of "duty days" the athlete performed services in each municipal corporation (<i>R.C. 718.011(F)</i>).	No similar provision.
Alternative apportionment formula	Request: Allows a taxpayer to use an alternative apportionment formula on an	Request: Requires taxpayers to notify tax administrators prior to using an alternative

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	amended return or assessment appeal without the prior approval of the tax administrator, but requires prior approval for original returns. The bill specifies no rule for alternative accounting or filing methods. <i>(R.C. 718.02(D)(2).)</i>	apportionment formula, alternative method of accounting, or alternative filing method with respect to any tax return, including amended returns <i>(R.C. 718.02(B)(2)).</i>
Annual return date	The deadline for filing annual returns for all municipal corporations is established as the same filing deadline for the state income tax returns – i.e., April 15 <i>(R.C. 718.05).</i>	The deadline for filing annual returns for all municipal corporations is established as the same filing deadline for federal income tax returns – i.e., April 15. Also fixes an inconsistency in R.C. 718.08(C)(3) of the As Introduced bill, which required the balance due to be paid by the last day of the fourth month of the year following the year for which the declaration or amended declaration was filed – i.e., April 30. <i>(R.C. 718.05.)</i>
Form of returns	Requires the Municipal Tax Policy Board (MTPB) to prescribe the form of annual returns, and requires taxpayers to use either that form or a generic form that contains all information the Board requires by rule. The return must contain the taxpayer's signature (or the signature of the taxpayer's representative or return preparer) and Social Security or taxpayer identification number. <i>(R.C. 718.05(F)(1), (J), and (K).)</i>	Same as the As Introduced bill, except that the form of the annual return is prescribed by the tax administrator, and permits tax administrators to require a taxpayer to submit additional information, as applicable, along with the annual return, amended returns, and applications for refunds, as follows: Individual taxpayers: All W-2 "Wage and Tax Statement" forms, 1099-MISC forms, K-1 forms, form 2106, schedules C, E, and F, and page 1 and 2 of federal return 1040. Nonindividuals filing net profit returns: Federal forms 1041, 1065, 1120, 1120-REIT, 1120F, 1120S, 1125-A, 4562, 2106, 8825, 8903, and 8949; schedules A, D, E, and M-3; any supporting statements for "other income,"

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		<p>"taxes and licenses," "other deductions," and "other costs" reported on the foregoing forms and schedules; the method of accounting and allocation used to determine the income allocable to the municipal corporation; and, if the taxpayer is a pass-through entity, any K-1 schedules issued to or received by the taxpayer (or a schedule summarizing the information contained on such K-1 schedules), form 1096, the taxpayer's federal consolidated schedules (if filing a consolidated return), the taxpayer's NOL carry forward schedule providing for each year in which the NOL was sustained, the method of accounting and allocation used to determine the portion of NOL used as a deduction in prior years, and the amount of NOL claimed as a deduction in the current year.</p> <p>Filers of a withholding reconciliation return: An information return for each employee from whom municipal income tax has been withheld specifying the municipality for which the tax is withheld and all other information required for federal income tax reporting purposes.</p> <p>Requires the Department of Taxation, by January 1, 2015, to prescribe a method by which nonindividual taxpayers filing net profit returns may submit the supplemental information required along with the return through the Ohio Business Gateway. (R.C. 718.05(E)(2), (3), and (4).)</p>

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Filing extension	Permits a taxpayer that receives a federal income tax return filing extension to automatically have an extension for filing municipal returns, without a tax administrator's consent, until the federal extension date. <i>(R.C. 718.05(F).)</i>	Retains current law, requiring a taxpayer receiving a federal extension and requesting a municipal filing extension to file a copy of the federal extension request to the tax administrator or OBG by the unextended filing date and setting the extended municipal filing date as the last day of the month following the month in which the federal extended filing is due. <i>(R.C. 718.05(F).)</i>
Ohio Business Gateway filing extensions	No similar provision.	Requires municipal corporations to allow any taxpayer subject to the tax on net profit from a business or profession to file a municipal income tax return extension by using the Ohio Business Gateway <i>(R.C. 718.051(A)).</i> Current law requires municipal corporations to allow taxpayers to file municipal income tax returns and estimated municipal income tax returns using the Ohio Business Gateway <i>(R.C. 718.051(C) current law).</i>
Extension for military personnel	Permits active-duty National Guard members and military reservists to request municipal income tax filing and payment extensions that continue for the period of active duty status and for 180 days after termination of active duty. The extension must be applied for with the appropriate tax administrator, and the administrator may require supporting documentation. Once the extension ends, taxes are payable under an installment arrangement. If the amount due is \$2,400 or less, the taxes must be paid over a period of one year or less; if more than \$2,400, over a period of no more than two years. Under current law, a municipal corporation may grant	Same as the As Introduced bill, except that the requirement that the tax due be paid within one year if the tax owed is \$2,400 or less, or within two years if the tax owed is greater than \$2,400, is eliminated <i>(R.C. 718.052).</i>

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	extensions for such individuals but is not required to. (R.C. 718.052.)	
Estimated tax payments	<p>Minimum threshold: Requires municipal corporations to collect estimated taxes from every taxpayer whose estimated annual tax liability, after subtracting for amounts to be withheld from the taxpayer's compensation, will be more than \$200.</p> <p>Annual return: Requires taxpayers that pay estimated taxes to file an annual reconciliation return on or before the last day of the fourth month of the year after the year in which the estimated taxes were paid. (For calendar year taxpayers, April 30 of the following year.) (R.C. 718.08.)</p> <p>Application of refunds: Provides that a tax refund from a prior year that is applied as a credit against a taxpayer's current estimated tax liability is considered to have been paid on the date the taxpayer files a return requesting the refund (R.C. 718.08(B)(1)(b)).</p>	<p>Minimum threshold: Sets the threshold at \$100.</p> <p>Annual return: Requires taxpayers that pay estimated taxes to file an annual reconciliation return on or before the 15th day of the fourth month of the year after the year in which the estimated taxes were paid. (For calendar year taxpayers, April 15 of the following year.) (R.C. 718.08.)</p> <p>Application of refunds: Provides that a prior overpayment of tax applied as a credit against a taxpayer's current estimated tax liability is considered to have been paid on the date the overpayment was postmarked or, if the overpayment was made electronically, the date the overpayment was submitted (R.C. 718.08(B)(1)(b)).</p>
Minimum filing and payment thresholds for individual taxpayers	Provides that an individual taxpayer who owes \$5 or less to a municipal corporation is not required to pay the tax, but is required to file the corresponding return (R.C. 718.05(F)(1) and 718.19).	Same, except the minimum threshold is \$10 (R.C. 718.04(E) and 718.19).
Minimum filing and payment thresholds for net profits	Minimum threshold: Establishes, for tax years beginning after 2014, a minimum payment threshold for taxpayers with net profits apportioned or allocated to a municipal corporation. No tax payment is required with	Minimum threshold: Establishes, for tax years beginning after 2014, a minimum payment threshold of \$10 for taxpayers with net profits apportioned or allocated to a municipal corporation. (The \$10 threshold is the same as

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	<p>respect to a taxpayer's net profit if the taxpayer satisfies all of the following criteria for a taxable year:</p> <p>(1) The tax due to the municipal corporation is less than \$50;</p> <p>(2) The proportion of a taxpayer's total net profit to be apportioned or allocated to the municipal corporation is less than 1%;</p> <p>(3) The total amount of qualifying wages the taxpayer paid to employees for work performed in the municipal corporation is less than \$50,000.</p> <p>Filing requirements: A taxpayer that qualifies for the payment exemption must file an affidavit exemption form but is not required to file an annual return unless the municipal corporation expressly requires such filing. The affidavit exemption form is prescribed by the MTPB. No taxpayer is required to file an affidavit exemption form until the MTPB prescribes the form. <i>(R.C. 718.05(G).)</i></p>	<p>the threshold that applies for individual taxpayers.) <i>(R.C. 718.05(G).)</i></p> <p>Filing requirements: A taxpayer that qualifies for the payment exemption remains responsible for filing an annual net profit return <i>(R.C. 718.05(G)).</i></p>
<p>Employer withholding returns</p>	<p>Quarterly report deadline: Requires employers who withheld and remitted tax on employee wages in an amount less than \$2,399 overall or \$200 for any month in the preceding year to file withholding returns quarterly by the last day of the month following the end of the last day of each calendar quarter <i>(R.C. 718.03(B)(3)).</i></p> <p>Reconciliation report deadline: Requires employers to file a return listing each employee</p>	<p>Quarterly report deadline: Requires quarterly return to be filed by the 15th day of the month following the end of the last day of each calendar quarter <i>(R.C. 718.03(B)(3)).</i></p> <p>Reconciliation report deadline: Requires employers to file a return listing each employee</p>

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	<p>and the amount of tax withheld from each employee by February 28 (<i>R.C. 718.03(H)</i>).</p> <p>Immediate remission: No similar provision.</p> <p>Electronic filing: No similar provision.</p> <p>Return information: Authorizes tax administrators to require that employers filing an annual withholding return submit information required by the tax administrator with the return in addition to other explicitly required forms and documents (<i>R.C. 718.03(H)</i>).</p> <p>Semimonthly remission: Requires employers whose withholding in the preceding calendar year exceeded \$11,999 or \$1,000 in any month of that year to remit withholding twice per month (<i>R.C. 718.03(B)(1)</i>).</p>	<p>and the amount of tax withheld from each employee by February 28 (<i>R.C. 718.03(H)</i>).</p> <p>Immediate remission: Authorizes a municipal corporation to require an employer that has accumulated \$100,000 or more in unremitted employee withholding to remit the withholding on the next business day (<i>R.C. 718.03(B)(4)</i>).</p> <p>Electronic filing: Authorizes a municipal corporation to require an employer required to remit electronic employee withholding payments for federal tax purposes to remit employee withholding payments electronically to the municipal corporation (<i>R.C. 718.03(B)(5)</i>).</p> <p>Return information: Same as the As Introduced bill, but additionally requires employers to include the total amount of qualifying wages, commissions, and other compensation paid to employees during the preceding calendar year (<i>R.C. 718.03(H)</i>).</p> <p>Semimonthly remission: Does not require such semimonthly remission, but authorizes a municipal corporation to so require (<i>R.C. 718.03(B)(2)(a)</i>).</p>
Treatment of voluntary employee withholding	No similar provision.	Specifies that taxes withheld by an employer at the request of the employee that are not required to be withheld are subject to the withholding requirements applicable to mandatory withholdings (<i>R.C. 718.03(K)</i>).
Consolidated taxpayers	Pass-through entity profit: The net profit or loss of a pass-through entity member of an	Pass-through entity profit: If any portion of the net profit or loss of a pass-through entity is

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	<p>affiliated group filing a consolidated municipal income tax return is included in calculating the net profit and apportionment factors of the affiliated group if at least 80% of the pass-through entity's net profit or loss is included in the affiliated group's consolidated federal income. Such a pass-through entity is not required to collect or remit municipal income tax on behalf of its owners for the portion of the net profits included in the consolidated federal taxable income of the affiliated group. If less than 80% of the pass-through entity's net profit or loss is included in an affiliated group's consolidated federal income, the pass-through entity is required to collect and remit municipal income tax on behalf of its owners on the portion of the entity's net profits that are included in the consolidated federal taxable income of an affiliated group. The affiliated group is required to deduct any net profit and add any net loss of such a pass-through entity that was included in the consolidated federal income of the affiliated group in calculating the net profit and apportionment factors for municipal income tax purposes. (R.C. 718.06.)</p> <p>Mandatory consolidated return: Implies that a tax administrator may require a taxpayer to file a consolidated return (R.C. 718.06(G)).</p>	<p>included in the consolidated federal taxable income of an affiliated group filing a consolidated municipal income tax return, the group may exclude the net profit and loss of the entity from the group's consolidated taxable income. If so excluded, the pass-through entity is subject to municipal income tax as a separate taxpayer on that portion of excluded net profits. If included in the group's income the pass-through entity is not subject to municipal income tax as a separate taxpayer on the portion of net profits included in the consolidated federal taxable income of the affiliated group. Another provision of the bill eliminates the H.B. 5 requirement that pass-through entities collect and remit municipal income taxes on behalf of their owners. (R.C. 718.06 and 718.43 [removed from the bill].)</p> <p>Mandatory consolidated return: Expressly authorizes a tax administrator to require a taxpayer to file a consolidated return if the taxpayer is a member of an affiliated group that filed a federal consolidated return and the administrator determines that intercompany transactions are not at arm's length and there is a distortive shifting of income or expenses with regard to the allocation of net profits to the municipality. Mandatory consolidated returns</p>

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	<p>Exception for local telephone companies: No similar provision.</p> <p>Electing consolidated filers: If a taxpayer is a member of a group of affiliated corporations that filed a federal consolidated return, the taxpayer may elect to file a consolidated municipal return, and the election continues for subsequent years until the tax administrator approves discontinuation. <i>(R.C. 718.06(G).)</i></p> <p>Amended returns: No similar provision.</p> <p>Pre-2015 elections: Allows corporations that filed a consolidated return before the bill's changes take effect on January 1, 2015, to</p>	<p>must continue to be filed until the administrator approves single filing or a taxpayer experiences a "change I circumstances." <i>(R.C. 718.06(C).)</i></p> <p>Exception for local telephone companies: Incumbent local telephone exchange companies may not be required and may not elect to file a consolidated municipal income tax return if their primary business in Ohio is providing local exchange telephone service; nor may their affiliated incumbent local exchange carriers whose primary business is providing local exchange service (other than cellular) outside Ohio. The income or loss of such companies also is excluded from the income and loss of the group for municipal income tax purposes. <i>(R.C. 718.06(A).)</i></p> <p>Electing consolidated filers: Such an election lasts for five years and is renewed for consecutive five-year periods until the filer formally elects to discontinue. The taxpayer may elect to discontinue filing before the end of the five-year period only with the tax administrator's permission, for good cause shown. <i>(R.C. 718.06(B).)</i></p> <p>Amended returns: Requires a taxpayer intending to file an amended consolidated municipal income tax return to notify the tax administrator. <i>(R.C. 718.41.)</i></p> <p>Pre-2015 elections: Same, except specifies that the corporations may discontinue such filing for taxable years beginning after 2019</p>

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	continue to file consolidated returns for the five-year period described above unless granted permission by the tax administrator to stop doing so (R.C. 718.06(H)).	without receiving permission from the tax administrator (R.C. 718.06(H)).
Assessments	<p>Definition: An "assessment" is a written finding of the tax administrator finding that a person underpaid an amount owed (R.C. 718.01(PP)).</p> <p>Form: Requires a formal written assessment to include the word "assessment" in all capital letters (R.C. 718.01(PP)).</p> <p>Service: Requires, in the case of an assessment sent by certified mail that is returned because of an undeliverable address, the tax administrator to attempt to find the recipient's last known address. If unsuccessful, the assessment becomes final 60 days after the certified mail was returned.</p> <p>Accompanying notices: Requires a tax administrator, when notifying a person of an assessment, to provide instructions on how the person may appeal the assessment, a description of the basis for the assessment, and a description of the collection remedies available to the tax administrator if the taxpayer does not pay the assessment. If the administrator does not provide this information, the person may request that the administrator waive any penalties and interest related to the</p>	<p>Definition: An assessment, which the language renames "written determination by a tax administrator," is either a ruling in response to a taxpayer's written request or an administrator's written finding, regarding the taxpayer's tax liability (R.C. 718.01(PP)).</p> <p>Form: Same as the As Introduced bill, but additionally requires "written determination" to be displayed in at least 18 point font at the top of the first page (R.C. 718.01(PP)).</p> <p>Service: If the certified mail attempt is unsuccessful because of an undeliverable address and the attempt to find last known address is unsuccessful, the "determination" is considered served and final from the date of the postmark of a subsequent mailing of the assessment by ordinary mail. (R.C. 718.18.)</p> <p>Accompanying notices: No similar provision.</p>

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	<p>assessment, but not any tax due. (R.C. 718.12(D) and (E).)</p> <p>Enforcement: Prescribes a method for a tax administrator to enforce an assessment. The administrator, after the assessment becomes final, may file an entry making the assessment final with the court of common pleas, and the clerk of court may enter a judgment against the assessed person for the amount shown on the entry. (R.C. 718.12(F).)</p> <p>Appeals: Requires an appellant appealing an assessment to pay the assessment amount within the 60-day appeal period if the person (1) filed a return that incorrectly reported a tax liability of less than one cent, (2) filed an incomplete, false, fraudulent, or frivolous return, or (3) did not file a return, unless the person owed less than \$1.01 with the return or the person asserts a lack of taxable nexus with the municipal corporation.</p> <p>Allows a taxpayer who successfully appeals an assessment to recover litigation costs from the municipal corporation; if an appeal is unsuccessful, the municipal corporation may recover its costs from the taxpayer (R.C. 718.44).</p>	<p>Enforcement: No similar provision.</p> <p>Appeals: No similar provision.</p>
Jeopardy assessments	<p>Authorizes municipal tax administrators to issue jeopardy assessments if the collection of the tax would be in jeopardy if action is delayed or if certain other conditions would impede collection (R.C. 718.20).</p>	<p>No similar provision.</p>

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Statute of limitations for assessments and refund claims	<p>Assessments: Requires assessments to be issued within three years after a person filed the return subject to the assessment or after the due date of that return, whichever is later (<i>R.C. 718.12(B)</i>).</p> <p>Extensions: Allows assessment limit to be extended if the assessed person and the administrator agree to an extension in writing. However, if a person does not file a return, or an employer or other payer fails to remit taxes that the employer or other payer withheld, the administrator may issue an assessment against that person up to ten years after the due date of the return subject to the assessment. In addition, there is no time limit for issuing an assessment against a person who fraudulently attempts to avoid a tax. (<i>R.C. 718.12(B) and (C)</i>.)</p> <p>Refunds: Requires refund claims to be filed within three years after the date of the overpayment unless extended by mutual consent or an amended return is subsequently filed (<i>R.C. 718.19</i>).</p> <p>Interest on overpayments: Requires a municipality to pay interest on any payment for an illegal or erroneous assessment in excess of \$5 at the interest rate used for state income tax overpayments. Interest accrues from the date of the payment until the date the refund is paid.</p> <p>Requires municipalities to charge the same rate on other overpayments from the date of the</p>	<p>Assessments: Requires assessments to be issued within the later of three years after a person filed the return subject to the assessment or after the due date of that return, whichever is later, or one year and 60 days after an appeal of an assessment becomes final (<i>R.C. 718.12(A)</i>).</p> <p>Extensions: Allows assessment limit to be extended by agreement, but specifies that the agreement also extends the allowable time for filing a refund claim by the same duration (<i>R.C. 718.12(A)</i>).</p> <p>Refunds: Requires a refund claim to be filed within three years of the later the tax was due or paid (<i>R.C. 718.12(C)</i>).</p> <p>Interest on overpayments: Treats interest on all overpayments similarly to how interest accrues on overpayments, other than those based on an illegal or erroneous assessment, under the Introduced bill.</p> <p>The interest rate equals the rounded federal short-term rate plus 5% (<i>R.C. 718.12(D)</i>).</p>

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	<p>overpayment until the date of the refund, but no interest is allowed if the overpayment is refunded within the later of 90 days after the final filing date or the date the return is actually filed (<i>R.C. 718.19(C)</i>).</p> <p>Criminal prosecutions: No similar provision.</p>	<p>Criminal prosecutions: Provides that prosecutions punishable under a municipal income tax ordinance must be commenced within three years after the commission of the offense, or six years in the case of fraud, failure to file a return, or the omission of 25% or more of reportable income (<i>R.C. 718.12(B)</i>).</p>
Refund applications	<p>Documentation: No similar provision.</p> <p>Minimum refund amount: Does not require municipal corporations to issue refunds of \$5 or less (<i>R.C. 718.19 and 718.41(B)</i>).</p>	<p>Documentation: Expressly allows a tax administrator to require that a taxpayer provide substantiating documentation in support of a refund claim. (<i>R.C. 718.19(B)</i>).</p> <p>Minimum refund amount: Does not require municipal corporations to issue refunds of \$10 or less (<i>R.C. 718.19 and 718.41(B)</i>).</p>
Minimum thresholds filing annual returns	<p>Requires amended returns to be accompanied by payment of any additional tax due plus accrued interest unless the tax due is \$5 or less (<i>R.C. 718.41(C)</i>).</p>	<p>Same, except the minimum threshold is \$10 (<i>R.C. 718.41(C)</i>).</p>
Audits	<p>Specifies that an audit does not include the review of any tax return when the tax administrator has not contacted the person about the return, precluding the tax administrator from fulfilling additional audit requirements (<i>R.C. 718.01(BB) and 718.36</i>).</p> <p>Requires municipal tax administrators to</p>	<p>No similar provision, thus generally maintaining the ability of each tax administrator to audit taxpayers according to its own standards and procedures.</p> <p>No similar provision.</p>

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	<p>provide taxpayers being audited a written description of the audit procedure and statement of the taxpayer's rights and notice of when the audit has begun, expressly permits taxpayers to be assisted or represented and to record the proceedings, and allows waiver of penalties and interest if the administrator does not comply (<i>R.C. 718.36</i>).</p> <p>Authorizes municipal tax administrators and agents to examine, among other things, the federal income tax returns of taxpayers or others potentially subject to taxation (<i>R.C. 718.23, 718.24, and 718.31</i>).</p> <p>Authorizes tax administrators to compel taxpayers or other persons with knowledge of a potential tax liability to attend a hearing or examination and to testify under oath (<i>R.C. 718.23</i>).</p>	<p>Same as the As Introduced bill, but includes state income tax returns.</p> <p>Same as the As Introduced bill, but adds that a person compelled to attend a hearing or examination may be represented by an attorney, accountant, bookkeeper, or other tax professional. The bill specifies that it does not authorize the practice of law by a person who is not an attorney (<i>R.C. 718.23</i>).</p>
Taxpayer rights and responsibilities	Provides taxpayer rights and responsibilities, similar to LSC 130 1581-1, but does not require that electronic descriptions of those rights and responsibilities be made available to the taxpayer.	Requires tax administrators to make electronic versions of a taxpayer's "rights and responsibilities" available to the taxpayer (<i>R.C. 718.01(QQ) and 718.07</i>).
Tax administrator	Authorizes the Regional Income Tax Association (RITA), the Central Collection Agency (CCA), or another entity to serve as a tax administrator for a municipal corporation only if the agency or entity administers the income tax of 31 or more municipal corporations (<i>R.C. 718.01(U)(3)</i>).	Same as the As Introduced bill, but removes 31- municipality threshold for all such entities (<i>R.C. 718.01(U)(3)</i>).

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Tax administrator requests for additional information	No similar provision.	Permits the tax administrator to request, from any taxpayer, any information, statements, or documents required to determine and verify the taxpayer's municipal income tax obligation. Requires all taxpayers to comply with such requests. <i>(R.C. 718.05(E)(5).)</i>
Notice to nonresidents	Specifies that the Secretary of State becomes, by default, the statutory agent of any nonresident taxpayer for the purpose of serving municipal income tax notices <i>(R.C. 718.21).</i>	No similar provision.
Civil penalties	<p>Fixes the amount of penalties that municipal corporations may impose for failure to file returns or pay taxes on time, generally after the bill's effective date. Requires municipal corporations to impose the statutorily prescribed penalties but does not prohibit a municipal corporation from fully or partially abating (i.e., forgiving) penalties at the discretion of the tax administrator. <i>(R.C. 718.27.)</i></p> <p>Allows a municipal corporation to require taxpayers to reimburse the municipal corporation for costs and fees incurred by the municipal corporation to collect a tax liability, including litigation expenses and attorney's fees <i>(R.C. 718.27).</i></p> <p>Imposes a penalty for failure to pay municipal income tax or estimated taxes equal to 10% of the unpaid tax.</p>	<p>Same as the As Introduced bill, except that the fixed penalties apply generally to taxable years beginning after January 1, 2015. The penalties prescribed by municipal ordinances and rules apply generally to returns required to be filed and payments required to be made before January 1, 2015. <i>(R.C. 718.27.)</i></p> <p>Limits the collection costs and fees that a municipal corporation may impose on a taxpayer to post-judgment costs and fees, including attorney's fees.</p> <p>Penalty is 15%.</p>
Criminal penalties and fines	<p>Imposes the following penalties and fines:</p> <p>(1) For knowingly filing a fraudulent return, or for</p>	Same as the As Introduced bill, except that the penalty imposed for knowingly filing a fraudulent return or for failing to remit withheld

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	<p>failing to remit withheld taxes, a felony in the fifth degree;</p> <p>(2) For unlawfully disclosing confidential taxpayer information, a misdemeanor in the first degree (\$1,000, six months imprisonment, or both), or a greater penalty specified in the municipal ordinance;</p> <p>(3) For unlawfully disclosing confidential information received from the Internal Revenue Service, a felony in the fifth degree (<i>R.C. 718.99</i>).</p>	<p>taxes is a misdemeanor in the first degree, or any greater penalty specified in the municipal ordinance.</p> <p>The bill also specifically allows a municipal corporation to prosecute offenses under the municipal corporation's ordinance for which no specific penalty is provided under the bill (<i>R.C. 718.35 and 718.99</i>).</p>
Publication of interest rate	<p>Requires each municipal corporation imposing an income tax to publish the interest rate imposed against past-due taxes and penalties by October 31 of the year preceding the year to which the interest rate will apply. The interest rate equals the federal short-term rate, rounded to the nearest whole number, plus 3%. (<i>R.C. 718.27(F)</i>.)</p>	<p>Same as the As Introduced bill, except the interest rate equals the federal short-term rate, rounded to the nearest whole number, plus 5% (<i>R.C. 718.27(A)(5) and (F)</i>).</p>
Compromises	<p>Authorizes municipal tax administrators to compromise tax claims and to allow unpaid liabilities to be paid over time and specifies conditions that must be considered in allowing a compromise or payment-over-time agreement, including that an assessment has been issued for the amount due and that the claim would likely be refunded once paid (<i>R.C. 718.28</i>).</p>	<p>Same as the As Introduced bill, except an assessment need not have been issued beforehand, the agreement need not be in writing or require the taxpayer to provide security, the tax administrator is not required to consider the specified conditions, and the potential for refund is not one of the conditions that may be considered.</p>
Rules	<p>Authorizes municipal corporations to adopt municipal income tax administrative rules, and states that they are not enforceable unless first published on the Internet as specified in the bill (<i>R.C. 718.07 and 718.30</i>).</p>	<p>Same as the As Introduced bill, but does not make the rules unenforceable if they are not first published on the Internet as specified in the bill.</p>

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Municipal Tax Policy Board	Creates a Municipal Tax Policy Board (MTPB) to create rules, prescribe forms and other documents, provide instructional materials to taxpayers, and take other actions concerning statewide administration and enforcement of municipal income taxes (<i>R.C. 718.42</i>).	Eliminates all provisions pertaining to the creation of an MTPB. Several of the powers and duties of the MTPB are assigned to tax administrators. For example: --Creating forms; --Prescribing rules for administering municipal income tax matters; --Prescribing record-keeping requirements.
Terms of members of the local board of tax review	Requires each municipal corporation to establish a local board of tax review consisting of three members, two of which are appointed by the municipal legislative authority and one of which is appointed by the top administrative official. The legislatively appointed board members serve a term of two years and the administratively appointed member serves at the discretion of the top administrative official (<i>R.C. 718.11(A)</i>).	Same as the As Introduced bill, but specifies that legislatively appointed board members are not subject to term limitations (<i>R.C. 718.11(A)(3)</i>).
Publication of local board of review information	Requires the tax administrator of each municipal corporation that imposes an income tax to post certain information about the local board of tax review on the web site of the tax administrator or of the municipal corporation. Such information includes the rules, names of the board members, and the address to which appeals and correspondence must be sent. Prohibits tax administrators that fail to comply with this publication requirement from imposing penalties or interest (<i>R.C. 718.11(G)</i>).	No similar provision.

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Appeals to Ohio Board of Tax Appeals	Restricts appeals of decisions of a local board of tax review to the Ohio Board of Tax Appeals (BTA). Under current law, a taxpayer or tax administrator may appeal such decisions to the BTA or the appropriate Court of Common Pleas (<i>R.C. 5717.011</i>).	Restores current law permitting a taxpayer or tax administrator to appeal decisions of a local board of tax review to the BTA or to the appropriate Court of Common Pleas (<i>R.C. 5717.011</i>).
Problem resolution officers	Requires tax administrators of more populous municipal corporations to appoint at least one employee to serve as a problem resolution officer to assist taxpayers with pending administrative cases (<i>R.C. 718.37</i>).	No similar provision.
Agent quotas	Expressly prohibits municipal corporations from evaluating employees on the basis of a quota system based on the amount of assessments issued (<i>R.C. 718.37</i>).	No similar provision.
Taxpayer actions for damages	Permits taxpayers to bring a civil action against a municipal corporation or tax administrator to recover damages allegedly arising from an error or omission by the tax administrator or an employee (<i>R.C. 718.39</i>).	No similar provision.
Tax administrator opinions	Requires official opinions of a tax administrator issued after 2012 to legally bind the tax administrator (<i>R.C. 718.38(G)</i>).	Adjusts the date after which opinions legally bind the tax administrator from after 2012 to after 2014 (<i>R.C. 718.38(G)</i>).
Ohio Business Gateway Steering Committee	Increases the number of appointed members on the Ohio Business Gateway Steering Committee who may represent municipal tax administrators from one to three. Adds the chair of the MTPB or the chair's designee as an <i>ex officio</i> member (<i>R.C. 5703.57</i>).	Same as the As Introduced bill, except that the chair of the MTPB is no longer included on the committee (the bill removes all references to the MTPB), and the members appointed to the committee to represent municipal tax administrators must be selected from a list of candidates provided by the Ohio Municipal League (<i>R.C. 5703.57</i>).
Report of tax data	Requires each tax administrator to annually report to the Tax Commissioner the amount of revenue and refunds derived from each "type of	Similar to H.B. 5, but (1) incorporates the report into the existing LGF report, (2) includes JEDD and JEDZ levying an income tax in the

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	tax" levied by the municipal corporation. Failure to report results in loss of authority to impose tax penalties <i>(R.C. 718.13(C))</i> .	requirement, and (3) permits the Tax Commissioner to withhold LGF distributions for failure to report <i>(R.C. 5747.50)</i> .
Electric and telephone company income tax data	Allows tax administrators to request income tax data collected by the Tax Commissioner in relation to the municipal income tax that applies to electric and local exchange telephone companies and requires the Tax Commissioner to produce that data upon requests. Under continuing law, municipal income tax imposed on electric and local exchange telephone companies is administered by the Tax Commissioner. <i>(R.C. 718.051(H).)</i>	Same as the As Introduced bill, and additionally requires that the Tax Commissioner produce the requested data within 60 days of the request. The Commissioner may not impose a fee or charge on the municipal corporation for producing the data. <i>(R.C. 718.051(H).)</i>

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