



## Legislation Text

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**File #: 2658-2015, Version: 1**

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The 130<sup>th</sup> General Assembly Passed Amended Substitute House Bill 5 amending the language of Ohio Revised Code Chapter 718 *Municipal Income Tax* and mandating that the provisions found in that Chapter as amended be adopted by municipal corporations imposing an income tax and that such adoption be effective January 1, 2016. **Failure to enact the state mandated provisions with an effective date of January 1, 2016 would result in the inability of the City of Columbus to enforce its income tax after that date.** The provisions of this ordinance relate only to income tax accruing on or after January 1, 2016. Tax which has accrued prior to January 1, 2016 is to be administered pursuant to the laws of the municipal corporation and the State of Ohio in effect prior to January 1, 2016. As a result of the concurrent administration and enforcement of liabilities occurring before January 1, 2016 and those after January 1, 2016, it is necessary to enact a new Columbus City Codes Chapter relating to post January 1, 2016 liabilities while retaining the current Chapter 361. Due to the statute of limitations applicable to income tax issues, both chapters will operate concurrently for up to nine (9) years.

It is important to note that the provisions of Am. Sub. H.B. 5 will not be applicable to filings received by the City for the 2015 tax year. Reduction in revenue will result in 2016 due to the changes in the "casual entrant" provisions, the calculation of corporate net profits, the change in the method of loss offsetting, the elimination of payment of tax due of \$10.00 or less as well as a projected increase in refunds from non-residents working outside of the City for Columbus employers. Additional revenue loss will be realized following the 2017 tax year when a mandated Net Operating Loss Carryforward (NOL) is implemented for individuals as well as businesses. The NOL will be phased in for a 5 year period at 50% with the full NOL being allowed in with the filing for tax year 2023.

To enact new Chapter 362 of the Columbus City Codes to provide for the administration and collection of the municipal income tax accruing on and after January 1, 2016 according to those provisions mandated by the Ohio Legislature by the passage of Amended Substitute House Bill 5.

**WHEREAS**, the 130<sup>th</sup> General Assembly enacted Amended Substitute House Bill 5 amending the language of Ohio Revised Code Chapter 718 *Municipal Income Tax* which mandated the adoption of the provisions of said amended Chapter by all municipal corporations imposing an income tax; and,

**WHEREAS**, the failure to adopt such provisions effective January 1, 2016 would result in the inability of the City of Columbus to enforce its income tax after that date; and,

**WHEREAS**, these amended provisions apply only to a municipal income tax liabilities incurred on or after January 1, 2016 while those liabilities incurred prior to January 1, 2016 are to be administered, collected and enforced pursuant to the existing provisions of Columbus City Codes Chapter 361; and,

**WHEREAS**, this bifurcation of treatment based upon liability period requires concurrent City Code provisions; and,

**WHEREAS**, the Income Tax Division of the Office of the City Auditor has drafted, and the City Attorney has reviewed, the language of new Chapter 362, Municipal Income Tax, to apply only to those municipal income tax liabilities accruing on or after January 1, 2016; now, therefore,

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**SECTION 1.** That new Chapter 362 of the Columbus City Codes, entitled “MUNICIPAL INCOME TAX,” reading as set forth in the attachment hereto designated as “Chapter 362” and incorporated herein by reference, is hereby enacted.

**SECTION 2.** That existing Chapter 361 of the Columbus City Codes is not being repealed by this ordinance due to its continued applicability to any taxable year prior to 2016.

**SECTION 3.** That this ordinance shall take effect and be in force from and after the earliest period allowed by law, and that the provisions of new Chapter 362 shall be effective and applicable from and after January 1, 2016 as provided therein.