



# City of Hudson, Ohio

## Staff Report With Text

**File #:** 15-179      **Version:** 1      **Name:**

**Type:** Ordinance      **Status:** Passed

**File created:** 10/21/2015      **In control:** City Council

**On agenda:** 11/3/2015      **Final action:** 12/1/2015

**Title:** AN ORDINANCE ADOPTING NEW CHAPTER 891 OF THE CODIFIED ORDINANCES OF THE CITY OF HUDSON REGARDING MUNICIPAL INCOME TAX, AND DECLARING AN EMERGENCY.  
Executive Summary: This ordinance adopts the revisions of ORC section 718 as approved by House Bill 5. HB 5 was passed in an effort to make municipal income collection and administration uniform throughout the State.

**Sponsors:** William A. Currin

**Indexes:** Finance - General

**Code sections:**

**Attachments:** 1. RITA Memorandum Substitute House Bill 5 Final (12-12-14), 2. Hudson Income Tax Code Chapter 891 (Original as discussed at 10-27-2015 Workshop), 3. Hudson Income Tax Code Chapter 891 (Revised Page 41), 4. Hudson Income Tax Code Chapter 891 (Final Version 10-29-2015), 5. Ordinance No. 15-179

Date	Ver.	Action By	Action	Result
12/1/2015	1	City Council	adopted on third reading	Pass
11/17/2015	1	City Council	second reading	
11/3/2015	1	City Council	first reading	
10/27/2015	1	City Council Workshop	item forwarded	

### AN ORDINANCE ADOPTING NEW CHAPTER 891 OF THE CODIFIED ORDINANCES OF THE CITY OF HUDSON REGARDING MUNICIPAL INCOME TAX, AND DECLARING AN EMERGENCY.

**Executive Summary:** This ordinance adopts the revisions of ORC section 718 as approved by House Bill 5. HB 5 was passed in an effort to make municipal income collection and administration uniform throughout the State.

### Legislative History

Chapter 890 of the City's current codified ordinances establishes the authority, purpose and other general provisions of our income tax.

### Purpose & Explanation

The purpose of this ordinance is to adopt Chapter 891 which is a complete re-write of our income tax code in order to comply with ORC section 718. The General Assembly mandated that we adopt the provisions by January 1, 2016.

Currently, municipalities throughout Ohio have the ability to establish certain rules, definitions, policies, etc. when administering municipal income taxes. This created inconsistencies and confusion amongst taxpayers and tax preparers especially those dealing with multiple municipalities. This legislation is being implemented

as way to make it more uniform.

Attached to this file is a memo from the Regional Income Tax Agency (RITA) that summarizes the major changes. At this point, it is difficult to quantify the overall financial impact of the changes. Some provisions will provide increased revenue to the City; others will decrease our revenue.

**There are three items that required Council discussion/action:**

1. Do we tax income on earnings for those under the age of 18? Currently we do not, however, this legislation removes that limitation.
2. Do we want to put limits on the amount of penalties and interest that the Tax Administrator can waive without approval from the Income Tax Board of Review? Currently, the Tax Administrator can waive up to \$100 in interest and \$1,000 in penalties
3. The makeup of the Income Tax Board of Review will change effective January 1, 2016. It will have three members - the City Manager (or designee - the designee can be an employee but may not be the Finance Director) and two members that are not employees, elected officials or contractors of the municipality at any time during their term or the five years immediately preceding the date of appointment.

Council may want to refer these issues to the current Income Tax Board of Review for review and recommendation.

**UPDATE TO DISCUSSION ITEMS #1 AND #2 SINCE 10/27/2015 WORKSHOP DISCUSSION:**

1. We do not have to change the legislation as it is written regarding not taxing under the age of 18. As agreed, we will not tax earnings for those under the age of 18.
2. We amended the legislation to include the \$100 interest and \$1,000 penalty waiver limitations for the Tax Administrator. The section of the ordinance that is being amended is included as a separate attachment.

**Timing Considerations**

The Ordinance will take effect for tax years beginning January 1, 2016. Our current Ordinance will remain in force for tax years prior to 2016.

**Fiscal Impact**

Currently Budgeted

Supplemental Appropriation Required

☒ Appropriation Not Required.

**Suggested Action**

Staff recommends Council approve the Ordinance adopting Chapter 891 of the City's Codified Ordinances. The ordinance should be read three times (November 3, November 17 and December 1) with adoption on December 1.

Staff also recommends Council consider referring the three action items to the current Income Tax Board of Review for review and recommendation. Since we will take this through three readings, we will have time to make any amendments.

**Submitted by,**

Jane Howington, City Manager

Jeff Knoblauch, Finance Director