



City of Hudson, Ohio

Staff Report With Text

File #: 18-3 **Version:** 1 **Name:**

Type: Ordinance **Status:** Passed

File created: 1/5/2018 **In control:** City Council

On agenda: 1/23/2018 **Final action:** 1/23/2018

Title: AN ORDINANCE AMENDING SECTIONS 891.02, 891.05, 891.07 AND 891.18 OF THE CITY'S EARNED INCOME TAX REGULATIONS IN THE TAXATION CODE OF THE CODIFIED ORDINANCES OF THE CITY OF HUDSON; AND DECLARING AN EMERGENCY.
Executive Summary: This ordinance amends the City's income tax regulations to incorporate changes made to municipal income tax by the Ohio General Assembly as part of House Bill 49. The Regional Income Tax Agency (RITA) recently gave suggested language to properly enact those changes.

Sponsors: David A. Basil

Indexes: Finance - General

Code sections:

Attachments: 1. Proposed Code Amendments to Chapter 891, 2. Ordinance No. 18-3

Date	Ver.	Action By	Action	Result
1/23/2018	1	City Council	approved on the consent agenda	Pass
1/16/2018	1	City Council Workshop	item forwarded	

AN ORDINANCE AMENDING SECTIONS 891.02, 891.05, 891.07 AND 891.18 OF THE CITY'S EARNED INCOME TAX REGULATIONS IN THE TAXATION CODE OF THE CODIFIED ORDINANCES OF THE CITY OF HUDSON; AND DECLARING AN EMERGENCY.

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Legislative History

Ordinance 15-179 was a complete re-write of the City's income tax ordinance to comply with House Bill 5 and was effective January 1, 2016.

Purpose & Explanation

The purpose of this ordinance is to incorporate additional changes in our income tax regulations that were the result of HB 49. The definitions of "adjusted federal taxable income"(AFTI), "municipal taxable income" and "net profit", as well as the updates to "estimated payments" are effective for tax years beginning on or after January 1, 2018. The other provisions are effective the earliest date after passage.

A summary of changes to the definitions are as follows:

Adjusted Federal Taxable Income (AFTI) - moved Net Operating Loss (NOL) provision of AFTI to definition of Net Profit to align with prior amendments to reflect changes to the net operating loss (NOL) carryforward provisions.

Municipal Taxable Income -amended to clarify definition as it relates to NOL.

Net Profit - amended to incorporate AFTI changes noted above.

Estimated Payments - permits individuals to file final estimated payment on or before 15th of January of year following tax year (previously individuals were required to file by 15th of December of current tax year)

Other changes:

Added notification provisions for taxpayers not required to file annual return for the City and that notification to Tax Administrator be in writing.

Penalty for nonpayment was changed to “not exceeding 50%” of the amount not timely paid; previously it stated we may impose a penalty “equal to 50%”.

Note: None of these updates relate to the net profit tax collection by the Ohio Department of Taxation as this is currently being litigated. Depending on the outcome of the case, additional ordinance changes may be necessary.

Timing Considerations

RITA recommends our ordinance be amended prior to January 31, 2018. We recommend Council pass the ordinance with emergency language to allow for the changes to take effect immediately.

Fiscal Impact

Currently Budgeted

Supplemental Appropriation Required

☒ Appropriation Not Required.

Suggested Action

Staff recommends passage of the ordinance to amend our income tax regulations.

Submitted by,

Jane Howington, City Manager

Jeff Knoblauch, Assistant City Manager/Finance