



**H.B. 388**

123rd General Assembly  
(As Introduced)

Reps. Grendell, Buchy, Hood, Terwilleger

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**BILL SUMMARY**

- Prohibits municipal corporations from taxing the incomes of nonresident individuals unless the tax was imposed on nonresidents before the bill's effective date.

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**CONTENT AND OPERATION**

**Current law: multiple taxation**

**Individuals**

A municipal corporation currently may tax the incomes of individuals residing or receiving income in the municipal corporation. Because an individual may reside in one municipal corporation and be employed in another, there is the possibility that the individual will have to pay taxes to both municipalities on the same income. An individual may be compelled to pay taxes to more than one municipal corporation, because that individual enjoys the benefits and protections afforded by each of those municipal corporations. See *Angell v. Toledo* (1950), 153 Ohio St. 179, and *Thompson v. Cincinnati* (1965), 2 Ohio St. 2d 292. Some municipalities grant a credit to residents to compensate them in whole or in part for taxes paid to another municipality, but state law does not require municipalities to grant such credits.

**Allocating business income**

(sec. 718.02)

Income from business or professions generally is not taxable by more than one municipal corporation under current law. Instead, the income is allocated among municipalities in the respective amounts the business attributes to each municipality, *if* the business' records accurately indicate grounds for that allocation. Otherwise, the business' taxable income is apportioned to each of the

municipal corporations on the basis of the amount of business property, compensation paid, and sales made in each municipal corporation.

**Municipal taxation of residents only**

(sec. 718.01)

The bill prohibits municipal corporations from taxing the incomes of any individual who is not a resident of that municipal corporation unless the tax is already in effect on the bill's effective date. Thus, an individual who resides in one municipal corporation and works in another must pay taxes only to the municipal corporation in which he or she resides. Accordingly, the bill specifies that the allocation and apportionment provisions governing the taxation of businesses operating in more than one municipality does not apply to individuals.

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**HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	06-15-99	p. 836

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