

CITY OF BLUE ASH
Interoffice Memo – City Manager's Office

TO: City Council
FROM: City Manager and Department Directors
SUBJECT: Agenda Items for the February 22nd Council Meeting
DATE: February 20, 2018
COPIES: Department Directors, Press, Clerk of Council, Solicitor

This memo offers a brief description of the topics included on the February 22nd Council agenda.

8.a.1. Ordinance No. 2018-2 amending Chapter 174 “Income Tax” of the Codified Ordinances

As you may recall, the City of Blue Ash joined a coalition of Ohio municipalities challenging the State’s recent mandates related to municipal income tax in H.B. 49. Under H.B. 49, municipalities were required to adopt the mandates noted below by January 31, 2018. Due to the lawsuit challenge, that deadline was extended to February 24, 2018. A preliminary injunction hearing occurred on February 12th and 13th, but a decision is not expected until February 23rd. In an abundance of caution, Administration recommends passing this ordinance to avoid doubt or a later taxpayer challenge over the City’s ability to impose a municipal income tax. Because the City believes that the H.B. 49 mandates are unconstitutional, the ordinance states that if any of the H.B. 49 provisions are found unconstitutional or stayed that such changes are likewise invalid or stayed.

In addition to the H.B. 49 required provisions, some minor wording and date changes are also being addressed. Below are the significant H.B. 49 provisions to highlight.

- H.B.49 requires municipalities, imposing an income tax, to adopt provisions of the new Ohio Revised Code Sections 718.80 to 718.95 in the City’s Income Tax Ordinance. Specifically, those provisions are outlined in sections 174.02(C), 174.062(D)(1), 174.062(D)(1)(c), 174.063 (B)(4) and (5), 174.093 (F), and 174.097 of the attachment. These sections are related to the option for business net profit returns to be centrally filed with the State of Ohio Tax Commissioner. If a business makes this election, the State will administer/collect all municipal taxes for that business and distribute them to the applicable municipalities.
- ORC section 718.02 eliminates the “throwback” rule. Sales of tangible personal property shipped from a location in Blue Ash may no longer be considered as sales occurring in Blue Ash. This primarily affects distribution center type businesses. The amount of sales reported on a business tax return is one of three factors that determine the percentage of a businesses’ net profit allocated to a municipality. Given the information the City’s has at this point, Administration believes this will have a minimal impact on collections.

These changes are effective for tax years beginning on or after January 1, 2018.

Please direct any questions regarding this Ordinance to the Treasurer.