

As Introduced

**127th General Assembly
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H. B. No. 117

Representative Raussen

**Cosponsors: Representatives McGregor, J., Webster, Seitz, Peterson, Collier,
Combs, Wolpert, Stebelton**

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A B I L L

To amend sections 5747.021, 5747.03, 5747.112, 1
5748.03, 5748.06, and 5748.08 and to enact 2
sections 5748.11, 5748.12, 5748.13, 5748.14, 3
5748.15, and 5748.16 of the Revised Code to 4
authorize school districts to enter into 5
agreements with the Department of Taxation or 6
other entities for the collection and 7
administration of school district income taxes. 8

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 5747.021, 5747.03, 5747.112, 9
5748.03, 5748.06, and 5748.08 be amended and sections 5748.11, 10
5748.12, 5748.13, 5748.14, 5748.15, and 5748.16 of the Revised 11
Code be enacted to read as follows: 12

Sec. 5747.021. In addition to the tax levied under section 13
5747.02 of the Revised Code, the tax commissioner shall charge the 14
tax imposed on the school district income of an individual or 15
estate by a school district ~~under Chapter 5748. of the Revised~~ 16
Code with which the department of taxation has entered into an 17
agreement under section 5748.11 of the Revised Code to collect and 18

administer school district income taxes. The commissioner shall 19
charge such tax by multiplying the rate certified to be charged 20
under ~~such chapter~~ Chapter 5748. of the Revised Code by the 21
taxpayer's school district income with respect to that district. 22

Sec. 5747.03. (A) All money collected under this chapter 23
arising from the taxes imposed by section 5747.02 or 5747.41 of 24
the Revised Code shall be credited to the general revenue fund, 25
except that the treasurer of state shall: 26

(1) Credit an amount equal to four and two-tenths per cent of 27
those taxes collected under this chapter to the local government 28
fund, which is hereby created in the state treasury, for 29
distribution in accordance with section 5747.50 of the Revised 30
Code; 31

(2) Credit an amount equal to five and seven-tenths per cent 32
of those taxes collected under this chapter to the library and 33
local government support fund, which is hereby created in the 34
state treasury, for distribution in accordance with section 35
5747.47 of the Revised Code; 36

(3) At the beginning of each calendar quarter, credit to the 37
Ohio political party fund, pursuant to section 3517.16 of the 38
Revised Code, an amount equal to the total dollar value realized 39
from the taxpayer exercise of the income tax checkoff option on 40
tax forms processed during the preceding calendar quarter; 41

(4) Credit an amount equal to six-tenths of one per cent of 42
those taxes collected under this chapter to the local government 43
revenue assistance fund for distribution in accordance with 44
section 5747.61 of the Revised Code. 45

(B)(1) Following the crediting of moneys pursuant to division 46
(A) of this section, the remainder deposited in the general 47
revenue fund shall be distributed pursuant to division (F) of 48

section 321.24 and section 323.156 of the Revised Code; to make 49
subsidy payments to institutions of higher education from 50
appropriations to the Ohio board of regents; to support 51
expenditures for programs and services for the mentally ill, 52
mentally retarded, developmentally disabled, and elderly; for 53
primary and secondary education; for medical assistance; and for 54
any other purposes authorized by law, subject to the limitation 55
that at least fifty per cent of the income tax collected by the 56
state from the tax imposed by section 5747.02 of the Revised Code 57
shall be returned pursuant to Section 9 of Article XII, Ohio 58
Constitution. 59

(2) To ensure that such constitutional requirement is 60
satisfied the tax commissioner shall, on or before the thirtieth 61
day of June of each year, from the best information available to 62
the tax commissioner, determine and certify for each county to the 63
director of budget and management the amount of taxes collected 64
under this chapter from the tax imposed under section 5747.02 of 65
the Revised Code during the preceding calendar year that are 66
required to be returned to the county by Section 9 of Article XII, 67
Ohio Constitution. The director shall provide for payment from the 68
general revenue fund to the county in the amount, if any, that the 69
sum of the amount so certified for that county exceeds the sum of 70
the following: 71

(a) The sum of the payments from the general revenue fund for 72
the preceding calendar year to the credit of the county's 73
undivided income tax fund pursuant to division (F) of section 74
321.24 and section 323.156 of the Revised Code; 75

(b) The sum of the amounts from the general revenue fund 76
distributed in the county during the preceding calendar year for 77
subsidy payments to institutions of higher education from 78
appropriations to the Ohio board of regents; for programs and 79
services for mentally ill, mentally retarded, developmentally 80

disabled, and elderly persons; for primary and secondary 81
education; and for medical assistance. 82

(c) The amount distributed to the county during the preceding 83
calendar year from the local government fund; 84

(d) The amount distributed to the county during the preceding 85
calendar year from the library and local government support fund; 86

(e) The amount distributed to the county during the preceding 87
calendar year from the local government revenue assistance fund. 88

Payments under this division shall be credited to the 89
county's undivided income tax fund, except that, notwithstanding 90
section 5705.14 of the Revised Code, such payments may be 91
transferred by the board of county commissioners to the county 92
general fund by resolution adopted with the affirmative vote of 93
two-thirds of the members thereof. 94

(C) All payments received in each month from taxes imposed 95
under Chapter 5748. of the Revised Code and any penalties or 96
interest thereon, insofar as they are collected by the department 97
of taxation, shall be paid into the school district income tax 98
fund, which is hereby created in the state treasury, except that 99
an amount equal to the following portion of such payments shall be 100
paid into the general school district income tax administrative 101
fund, which is hereby created in the state treasury: 102

(1) One and three-quarters of one per cent of those received 103
in fiscal year 1996; 104

(2) One and one-half per cent of those received in fiscal 105
year 1997 and thereafter. 106

Money in the school district income tax administrative fund 107
shall be used by the tax commissioner to defray costs incurred in 108
administering the school district's income tax, including the cost 109
of providing employers with information regarding the rate of tax 110

imposed by any school district. Any moneys remaining in the fund 111
after such use shall be deposited in the school district income 112
tax fund. The department of taxation is not entitled to any 113
compensation with respect to school district income taxes 114
collected by an entity other than the department and no 115
administrative fee shall be charged by the department in 116
connection with those taxes. 117

All interest earned on moneys in the school district income 118
tax fund shall be credited to the fund. 119

(D)(1)(a) Within thirty days of the end of each calendar 120
quarter ending on the last day of March, June, September, and 121
December, the director of budget and management shall make a 122
payment from the school district income tax fund to each school 123
district for which school district income tax revenue was ~~received~~ 124
collected by the department of taxation during that quarter. The 125
amount of the payment shall equal the balance in the school 126
district's account at the end of that quarter. 127

(b) After a school district for which the department of 128
taxation collects school district income tax ceases to levy an 129
income tax, the director of budget and management shall adjust the 130
payments under division (D)(1)(a) of this section to retain 131
sufficient money in the school district's account to pay refunds. 132
For the calendar quarters ending on the last day of March and 133
December of the calendar year following the last calendar year the 134
tax is levied, the director shall make the payments in the amount 135
required under division (D)(1)(a) of this section. For the 136
calendar quarter ending on the last day of June of the calendar 137
year following the last calendar year the tax is levied, the 138
director shall make a payment equal to nine-tenths of the balance 139
in the account at the end of that quarter. For the calendar 140
quarter ending on the last day of September of the calendar year 141
following the last calendar year the tax is levied, the director 142

shall make no payment. For the second and succeeding calendar 143
years following the last calendar year the tax is levied, the 144
director shall make one payment each year, within thirty days of 145
the last day of June, in an amount equal to the balance in the 146
district's account on the last day of June. 147

(2) Moneys paid to a school district under this division 148
shall be deposited in its school district income tax fund. All 149
interest earned on moneys in the school district income tax fund 150
shall be apportioned by the tax commissioner pro rata among the 151
school districts for which the department of taxation collects 152
school district income tax in the proportions and at the times the 153
districts are entitled to receive payments under this division. 154

Sec. 5747.112. For payment of any refund of school district 155
income taxes illegally, erroneously, or excessively paid, the 156
treasurer of state shall place one thousand dollars collected in a 157
separate fund in the state treasury for each school district for 158
which the department of taxation collects school district income 159
tax. As required by the depletion of each fund, the treasurer of 160
state shall place to the credit thereof an amount sufficient to 161
make the total of the school district's fund at the time of such 162
credit amount to one thousand dollars. 163

Sec. 5748.03. (A) The form of the ballot on a question 164
submitted to the electors under section 5748.02 of the Revised 165
Code shall be as follows: 166

"Shall an annual income tax of (state the proposed 167
rate of tax) on the school district income of individuals and of 168
estates be imposed by (state the name of the school 169
district), for (state the number of years the tax would be 170
levied, or that it would be levied for a continuing period of 171
time), beginning (state the date the tax would first take 172

effect), for the purpose of (state the purpose of the tax)? 173

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	FOR THE TAX	
	AGAINST THE TAX	"

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(B)(1) If the question submitted to electors proposes a 178
school district income tax only on the taxable income of 179
individuals as defined in division (E)(1)(b) of section 5748.01 of 180
the Revised Code, the form of the ballot shall be modified by 181
stating that the tax is to be levied on the "earned income of 182
individuals residing in the school district" in lieu of the 183
"school district income of individuals and of estates." 184

(2) If the question submitted to electors proposes to renew 185
an expiring income tax, the ballot shall be modified by adding the 186
following language immediately after the name of the school 187
district that would impose the tax: "to renew an income tax 188
expiring at the end of (state the last year the existing 189
income tax may be levied)." 190

(3) If the question includes a proposal under division (B)(2) 191
of section 5748.02 of the Revised Code to reduce the rate of one 192
or more school district property taxes, the ballot shall state 193
that the purpose of the school district income tax is for current 194
expenses, and the form of the ballot shall be modified by adding 195
the following language immediately after the statement of the 196
purpose of the proposed income tax: ", and shall the rate of an 197
existing tax on property, currently levied for the purpose of 198
current expenses at the rate of mills, be REDUCED to 199
..... mills until any such time as the income tax is repealed." 200
In lieu of "for the tax" and "against the tax," the phrases "for 201
the issue" and "against the issue," respectively, shall be used. 202
If a board of education proposes a reduction in the rates of more 203

than one tax, the ballot language shall be modified accordingly to 204
express the rates at which those taxes currently are levied and 205
the rates to which the taxes will be reduced. 206

(C) The board of elections shall certify the results of the 207
election to the board of education and to the tax commissioner. If 208
a majority of the electors voting on the question vote in favor of 209
it, the income tax, ~~the applicable provisions of Chapter 5747. of~~ 210
~~the Revised Code,~~ and the reduction in the rate or rates of 211
existing property taxes, if the question included such a 212
reduction, shall take effect on the date specified in the 213
resolution. If the question approved by the voters includes a 214
reduction in the rate of a school district property tax, the board 215
of education shall not levy the tax at a rate greater than the 216
rate to which the tax is reduced, unless the school district 217
income tax is repealed in an election under section 5748.04 of the 218
Revised Code. 219

(D) If the rate at which a property tax is levied and 220
collected is reduced pursuant to a question approved under this 221
section, the tax commissioner shall compute the percentage 222
required to be computed for that tax under division (D) of section 223
319.301 of the Revised Code each year the rate is reduced as if 224
the tax had been levied in the preceding year at the rate at which 225
it has been reduced. If the rate of a property tax increases due 226
to the repeal of the school district income tax pursuant to 227
section 5748.04 of the Revised Code, the tax commissioner, for the 228
first year for which the rate increases, shall compute the 229
percentage as if the tax in the preceding year had been levied at 230
the rate at which the tax was authorized to be levied prior to any 231
rate reduction. 232

Sec. 5748.06. For a taxpayer sixty-five years of age or older 233
during the taxable year, a credit shall be permitted against the 234

tax otherwise due under this chapter for such year equal to fifty 235
dollars for each return required to be filed ~~under section 5747.08~~ 236
~~of the Revised Code~~ for taxes levied under this chapter. The 237
credit allowed under this section shall not exceed the tax 238
otherwise due. 239

Sec. 5748.08. (A) The board of education of a city, local, or 240
exempted village school district, at any time by a vote of 241
two-thirds of all its members, may declare by resolution that it 242
may be necessary for the school district to do all of the 243
following: 244

(1) Raise a specified amount of money for school district 245
purposes by levying an annual tax on school district income; 246

(2) Issue general obligation bonds for permanent 247
improvements, stating in the resolution the necessity and purpose 248
of the bond issue and the amount, approximate date, estimated rate 249
of interest, and maximum number of years over which the principal 250
of the bonds may be paid; 251

(3) Levy a tax outside the ten-mill limitation to pay debt 252
charges on the bonds and any anticipatory securities; 253

(4) Submit the question of the school district income tax and 254
bond issue to the electors of the district at a special election. 255

The resolution shall specify whether the income that is to be 256
subject to the tax is taxable income of individuals and estates as 257
defined in divisions (E)(1)(a) and (2) of section 5748.01 of the 258
Revised Code or taxable income of individuals as defined in 259
division (E)(1)(b) of that section. 260

On adoption of the resolution, the board shall certify a copy 261
of it to the tax commissioner and the county auditor no later than 262
ninety days prior to the date of the special election at which the 263
board intends to propose the income tax and bond issue. Not later 264

than ten days of receipt of the resolution, the tax commissioner, 265
in the same manner as required by division (A) of section 5748.02 266
of the Revised Code, shall estimate the rates designated in 267
divisions (A)(1) and (2) of that section and certify them to the 268
board. Not later than ten days of receipt of the resolution, the 269
county auditor shall estimate and certify to the board the average 270
annual property tax rate required throughout the stated maturity 271
of the bonds to pay debt charges on the bonds, in the same manner 272
as under division (C) of section 133.18 of the Revised Code. 273

(B) On receipt of the tax commissioner's and county auditor's 274
certifications prepared under division (A) of this section, the 275
board of education of the city, local, or exempted village school 276
district, by a vote of two-thirds of all its members, may adopt a 277
resolution proposing for a specified number of years or for a 278
continuing period of time the levy of an annual tax for school 279
district purposes on school district income and declaring that the 280
amount of taxes that can be raised within the ten-mill limitation 281
will be insufficient to provide an adequate amount for the present 282
and future requirements of the school district; that it is 283
necessary to issue general obligation bonds of the school district 284
for specified permanent improvements and to levy an additional tax 285
in excess of the ten-mill limitation to pay the debt charges on 286
the bonds and any anticipatory securities; and that the question 287
of the bonds and taxes shall be submitted to the electors of the 288
school district at a special election, which shall not be earlier 289
than seventy-five days after certification of the resolution to 290
the board of elections, and the date of which shall be consistent 291
with section 3501.01 of the Revised Code. The resolution shall 292
specify all of the following: 293

(1) The purpose for which the school district income tax is 294
to be imposed and the rate of the tax, which shall be the rate set 295
forth in the tax commissioner's certification rounded to the 296

nearest one-fourth of one per cent;	297
(2) Whether the income that is to be subject to the tax is	298
taxable income of individuals and estates as defined in divisions	299
(E)(1)(a) and (2) of section 5748.01 of the Revised Code or	300
taxable income of individuals as defined in division (E)(1)(b) of	301
that section. The specification shall be the same as the	302
specification in the resolution adopted and certified under	303
division (A) of this section.	304
(3) The number of years the tax will be levied, or that it	305
will be levied for a continuing period of time;	306
(4) The date on which the tax shall take effect, which shall	307
be the first day of January of any year following the year in	308
which the question is submitted;	309
(5) The county auditor's estimate of the average annual	310
property tax rate required throughout the stated maturity of the	311
bonds to pay debt charges on the bonds.	312
(C) A resolution adopted under division (B) of this section	313
shall go into immediate effect upon its passage, and no	314
publication of the resolution shall be necessary other than that	315
provided for in the notice of election. Immediately after its	316
adoption and at least seventy-five days prior to the election at	317
which the question will appear on the ballot, the board of	318
education shall certify a copy of the resolution, along with	319
copies of the auditor's estimate and its resolution under division	320
(A) of this section, to the board of elections of the proper	321
county. The board of education shall make the arrangements for the	322
submission of the question to the electors of the school district,	323
and the election shall be conducted, canvassed, and certified in	324
the same manner as regular elections in the district for the	325
election of county officers.	326
The resolution shall be put before the electors as one ballot	327

question, with a majority vote indicating approval of the school 328
district income tax, the bond issue, and the levy to pay debt 329
charges on the bonds and any anticipatory securities. The board of 330
elections shall publish the notice of the election in one or more 331
newspapers of general circulation in the school district once a 332
week for two consecutive weeks prior to the election and, if the 333
board of elections operates and maintains a web site, also shall 334
post notice of the election on its web site for thirty days prior 335
to the election. The notice of election shall state all of the 336
following: 337

(1) The questions to be submitted to the electors; 338

(2) The rate of the school district income tax; 339

(3) The principal amount of the proposed bond issue; 340

(4) The permanent improvements for which the bonds are to be 341
issued; 342

(5) The maximum number of years over which the principal of 343
the bonds may be paid; 344

(6) The estimated additional average annual property tax rate 345
to pay the debt charges on the bonds, as certified by the county 346
auditor; 347

(7) The time and place of the special election. 348

(D) The form of the ballot on a question submitted to the 349
electors under this section shall be as follows: 350

"Shall the school district be authorized to do both 351
of the following: 352

(1) Impose an annual income tax of (state the proposed 353
rate of tax) on the school district income of individuals and of 354
estates, for (state the number of years the tax would be 355
levied, or that it would be levied for a continuing period of 356
time), beginning (state the date the tax would first take 357

effect), for the purpose of (state the purpose of the tax)?

(2) Issue bonds for the purpose of in the principal amount of \$....., to be repaid annually over a maximum period of years, and levy a property tax outside the ten-mill limitation estimated by the county auditor to average over the bond repayment period mills for each one dollar of tax valuation, which amounts to (rate expressed in cents or dollars and cents, such as "36 cents" or "\$1.41") for each \$100 of tax valuation, to pay the annual debt charges on the bonds, and to pay debt charges on any notes issued in anticipation of those bonds?

	FOR THE INCOME TAX AND BOND ISSUE
	AGAINST THE INCOME TAX AND BOND ISSUE

(E) If the question submitted to electors proposes a school district income tax only on the taxable income of individuals as defined in division (E)(1)(b) of section 5748.01 of the Revised Code, the form of the ballot shall be modified by stating that the tax is to be levied on the "earned income of individuals residing in the school district" in lieu of the "school district income of individuals and of estates."

(F) The board of elections promptly shall certify the results of the election to the tax commissioner and the county auditor of the county in which the school district is located. If a majority of the electors voting on the question vote in favor of it, the income tax ~~and the applicable provisions of Chapter 5747. of the Revised Code~~ shall take effect on the date specified in the resolution, and the board of education may proceed with issuance of the bonds and with the levy and collection of the property

taxes to pay debt charges on the bonds, at the additional rate or 389
any lesser rate in excess of the ten-mill limitation. Any 390
securities issued by the board of education under this section are 391
Chapter 133. securities, as that term is defined in section 133.01 392
of the Revised Code. 393

(G) After approval of a question under this section, the 394
board of education may anticipate a fraction of the proceeds of 395
the school district income tax in accordance with section 5748.05 396
of the Revised Code. Any anticipation notes under this division 397
shall be issued as provided in section 133.24 of the Revised Code, 398
shall have principal payments during each year after the year of 399
their issuance over a period not to exceed five years, and may 400
have a principal payment in the year of their issuance. 401

(H) The question of repeal of a school district income tax 402
levied for more than five years may be initiated and submitted in 403
accordance with section 5748.04 of the Revised Code. 404

(I) No board of education shall submit a question under this 405
section to the electors of the school district more than twice in 406
any calendar year. If a board submits the question twice in any 407
calendar year, one of the elections on the question shall be held 408
on the date of the general election. 409

Sec. 5748.11. (A) On or before July 1, 2008, the board of 410
education of a school district that levies a school district 411
income tax shall, by adopting a resolution approved by a majority 412
of the members of the board, enter into a written agreement with 413
one of the following entities for the entity to collect and 414
otherwise administer the district's school district income tax for 415
taxable years beginning in 2008 and for any subsequent taxable 416
years specified in the agreement: 417

(1) The department of taxation; 418

(2) A municipal corporation that satisfies both of the 419
following conditions: 420

(a) The municipal corporation levies an income tax; and 421

(b) At least fifty-one per cent of the municipal 422
corporation's territorial boundaries overlap with the territorial 423
boundaries of the school district. 424

(3) The central collection agency or the regional income tax 425
agency or their successors in interest, or other similar entities 426
organized to perform functions similar to those performed by the 427
central collection agency and the regional income tax agency. 428

(B) The agreement entered into by a board under division (A) 429
of this section shall specify that the entity designated therein 430
to collect and administer a school district's income tax shall 431
collect and administer those taxes for taxable years beginning in 432
2008. The agreement also shall specify any additional taxable 433
years for which the entity will collect and administer those taxes 434
or, if the entity will perform those functions on an ongoing 435
basis, specify that the agreement is for an ongoing period. 436
Subsequent agreements entered into by a board under this section 437
shall specify the taxable years for which the entity will perform 438
collection and other administrative functions or, if the entity 439
will perform those functions for an ongoing period, specify that 440
the agreement is for an ongoing period. Every agreement entered 441
into under this section shall specify the amount of fees to be 442
charged by the entity contracted with to administer the school 443
district income tax. If the agreement is between a board and the 444
department of taxation, the agreement shall specify that the 445
amount of fees charged shall be those authorized to be charged by 446
the department under division (C) of section 5747.03 of the 447
Revised Code at the time the agreement is entered into. An 448
agreement between a board and an entity other than the department 449
of taxation may specify any amount of fees agreed to by the 450

parties to the agreement, provided that the amount agreed to may 451
not exceed the amount authorized to be charged by the department 452
of taxation under division (C) of section 5747.03 of the Revised 453
Code at the time the contract is entered into. Every agreement 454
shall specify all other material terms and conditions of the 455
agreement in addition to those described in this division. 456

An agreement may be amended pursuant to terms and procedures 457
mutually agreed to by the board and the entity with which the 458
board contracts. 459

(C) Either party to an agreement entered into under this 460
section may terminate the agreement, provided that the party 461
terminating the agreement provides the other party with ninety 462
days notice of the party's intention to terminate. To terminate 463
the agreement, a board of education shall, by majority vote of the 464
members of the board, adopt a resolution to that effect. A 465
termination initiated by a board of education shall take effect on 466
the ninetieth day after the date on which a copy of the board's 467
resolution is delivered to the entity with which the board 468
contracted. A termination initiated by the entity a board has 469
contracted with to collect and administer the district's school 470
district income tax shall take effect on the ninetieth day after 471
the date on which the board is notified of the termination. 472

(D) If an agreement entered into under this section is 473
terminated by either party or if it expires under its own terms, 474
and the school district that entered into the agreement continues, 475
after the agreement's termination or expiration, to levy a school 476
district income tax, the board shall adopt a resolution for the 477
purpose of entering into a new agreement with an entity described 478
in division (A) of this section for administration of its school 479
district income tax. 480

(E) If the board of education of a school district fails to 481
adopt a resolution on or before July 1, 2008, as required under 482

division (A) of this section, or if the board first levies a 483
school district income tax after that date, the department of 484
taxation shall administer that school district's income tax until 485
such time as the board adopts a resolution for the purpose of 486
entering into an agreement with an entity other than the 487
department. If a board subsequently enters into an agreement with 488
an entity other than the department, the agreement shall specify 489
the taxable year or years for which the entity will administer the 490
school district's income tax, shall specify that the agreement 491
takes effect on July 1 of the taxable year or years for which the 492
entity will administer such tax, and shall contain all of the 493
applicable terms and conditions specified in division (B) of this 494
section. 495

(F) A board of education shall certify a copy of every 496
resolution adopted, and every agreement executed, under this 497
section to the tax commissioner immediately upon its adoption or 498
execution, whichever the case may be. 499

Sec. 5748.12. A board of education that enters into an 500
agreement with an entity other than the department of taxation for 501
the collection and administration of its school district income 502
tax shall create a school district income tax collection fund to 503
receive deposits of school district income taxes. The entity with 504
which the board contracts for the collection of school district 505
income taxes shall deposit the school district income taxes it 506
collects for that district, less fees allowed to the entity under 507
the agreement, in the school district's school district income tax 508
collection fund within twenty-four hours after their collection. 509
Only the treasurer of the school district that creates a school 510
district income tax collection fund may withdraw moneys from the 511
fund. 512

Sec. 5748.13. Any information acquired by a municipal 513

corporation as a result of returns received or investigations, 514
hearings, or verifications conducted pursuant to an agreement 515
entered into under section 5748.11 of the Revised Code for the 516
collection and administration of a school district income tax is 517
confidential, and no person shall disclose such information except 518
in accordance with a proper judicial order or in connection with 519
the performance of that person's official duties. This section 520
does not prohibit a municipal corporation that levies an income 521
tax under Chapter 718. of the Revised Code from comparing school 522
district income tax records and returns with records and returns 523
compiled with respect to its municipal income tax for the purpose 524
of ensuring that income is being properly reported with respect to 525
both taxes and that municipal and school district income tax 526
liabilities are being paid in full. 527

Sec. 5748.14. (A) An entity other than the department of 528
taxation that administers a school district income tax may impose 529
the following penalties: 530

(1) If a taxpayer fails to pay any amount of tax required to 531
be paid under this chapter, except estimated tax, on or before the 532
date prescribed for payment, a penalty not exceeding the maximum 533
penalty allowed under division (A)(2) of section 5747.15 of the 534
Revised Code may be imposed. 535

(2) If a taxpayer or employer files what purports to be a 536
return that does not contain information upon which the 537
substantial correctness of the return may be judged or contains 538
information that on its face indicates that the return is 539
substantially incorrect and the filing of the return in that 540
manner is due to a position that is frivolous or a desire that is 541
apparent from the return to delay or impede the administration of 542
the school district income tax, a penalty may be imposed not 543
exceeding the maximum penalty allowed under division (A)(5) of 544

section 5747.15 of the Revised Code. 545

(3) If any person makes a false or fraudulent claim for a 546
refund of school district income tax, a penalty may be imposed not 547
exceeding the greater of one thousand dollars or one hundred per 548
cent of the claim. 549

(B) Any penalty imposed under this section shall be in 550
addition to all other penalties imposed under this section. All or 551
part of any penalty imposed under this section may be abated if 552
the taxpayer shows that the failure to comply was due to 553
reasonable cause and not willful neglect. 554

Sec. 5748.15. A claim for unpaid school district income taxes 555
administered by an entity other than the department of taxation 556
and any penalties and interest on those unpaid taxes shall be 557
filed in the municipal court of the municipal corporation in which 558
the administrative offices of the school district levying the tax 559
are principally located. If such municipal corporation is not the 560
site of a municipal court, the claim shall be filed in the court 561
of common pleas of the county in which the offices of the school 562
district are principally located. Such courts shall have 563
exclusive, original jurisdiction over actions to collect unpaid 564
school district income taxes administered by an entity other than 565
the department of taxation. 566

This section does not apply to any unpaid school district 567
income tax, penalty, or interest administered by the department of 568
taxation. Unpaid school district income taxes, penalties, and 569
interest administered by the department of taxation shall be 570
collected in accordance with procedures established under Chapter 571
5747. of the Revised Code, section 131.02 of the Revised Code, and 572
other applicable provisions of the Revised Code. 573

Sec. 5748.16. If a school district enters into an agreement 574

under section 5748.11 of the Revised Code with an entity other 575
than the department of taxation for the collection and 576
administration of its school district income tax, that entity 577
shall administer and collect that tax as if the entity were the 578
tax commissioner acting under Chapter 5747. of the Revised Code, 579
except that: 580

(A) Administrative fees charged by the entity shall be those 581
specified in the agreement between the entity and the school 582
district; 583

(B) Taxes collected by the entity shall be deposited in the 584
school district income tax collection fund created under section 585
5748.12 of the Revised Code; 586

(C) The entity shall have no authority to issue an assessment 587
under section 5747.13 or 5747.14 of the Revised Code; and 588

(D) Unpaid taxes, penalties, and interest shall be collected 589
by filing a claim for the unpaid amounts as prescribed in section 590
5748.15 of the Revised Code. 591

Section 2. That existing sections 5747.021, 5747.03, 592
5747.112, 5748.03, 5748.06, and 5748.08 of the Revised Code are 593
hereby repealed. 594