

Ohio Legislative Service Commission

Office of Research and Drafting

Legislative Budget Office

H.B. 503 136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 503's Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Roemer and Workman

Local Impact Statement Procedure Required: No

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The bill requires a municipality, that grants its resident a full or partial municipal income tax credit for such tax paid to another municipal corporation, to obtain voters' approval to modify or repeal the credit. The bill also specifies procedures for municipalities to modify or repeal the credit. Based on municipal income tax data published in a spreadsheet, <u>LG-11: Municipal Income Tax – Tax Rates and Amounts Collected, by Municipality</u>, derived from surveys conducted by the Ohio Department of Taxation, in calendar year (CY) 2024, 671 municipalities levied an income tax with rates ranged from 0.1% to 3.0%.

Since municipal income taxes are administered by individual municipalities or third-party administrators, such as the <u>Regional Income Tax Agency</u> and the <u>Central Collection Agency</u>, a complete list of municipalities offering a reciprocity credit, whether full or partial, is not currently available. However, LBO staff has partially aggregated this information using data from third-party administrators and some individual municipalities. Based on this partial aggregation, out of 435 municipalities that levy a municipal income tax, 196 offer a full reciprocity credit, 113 offer a partial credit, and 126 offer no credit.

The bill has no direct fiscal effect to the state and local governments. However, contingent upon voter approval, it may increase revenue for any municipalities that choose to repeal their municipal income tax reciprocity credit or otherwise modify the amount or percentage of the credit.

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