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OHIO LEGISLATIVE SERVICE COMMISSION

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H.B. 105
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 105's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Rep. J. Thomas

Local Impact Statement Procedure Required: No

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The bill would limit the circumstances under which municipal income tax inquiries or notices may be sent by a municipal tax administrator or the Tax Commissioner to a taxpayer subject to a filing extension. The bill also limits the penalty that may be imposed on a taxpayer for failing to timely file municipal income tax returns from a \$25 monthly penalty, up to \$150, to a one-time \$25 penalty. The bill exempts a taxpayer's first failure to timely file from the penalty. The bill applies to taxable years ending on or after January 1, 2023.

The bill will reduce municipal income tax revenue, with the reduction variable and depending on the municipality. Statewide, total municipal fiscal losses from the bill are uncertain, but the direct effects are likely to be fairly minimal. The bill would likely have larger indirect effects, reducing revenue because the provision would reduce the penalties that, in effect, encourage taxpayers to file returns (and on time). In addition, the bill specifies that if a tax administrator sends a prohibited notice, the municipality must reimburse the taxpayer for reasonable costs incurred in responding to it. Thus, the amendment may increase applicable municipalities' administrative costs. If the administrator is the Tax Commissioner, the costs will be reimbursed from the GRF. Reimbursement of such costs from the GRF is likely to be minimal. There would be no effect on state revenues.