



Department of  
Taxation

(For Immediate Release)

### **Court Upholds State Law Changing Municipal Tax System**

Judge David Cain, Franklin County Common Pleas Court, today (2-21-18) denied a challenge by more than 160 municipalities to a state law creating a new option for Ohio businesses subject to the municipal net profit tax. Judge Cain's ruling both denied a request for a preliminary injunction to block the law and granted final judgement in favor of the State of Ohio.

The ruling upholds the constitutionality of a law (H.B. 49) passed in 2017 by the Ohio General Assembly authorizing an optional, centralized system administered by the Ohio Department of Taxation. The ruling affirmed the General Assembly's long-standing authority to limit local taxation; the law does not impinge on home rule.

Tax Commissioner Joe Testa said the ruling validates the efforts to improve the municipal tax system in Ohio.

**"We are pleased that the court found this law to be constitutional. It's an important ruling for business taxpayers in Ohio who for too long have had to deal with this costly, complex process for local tax on business income. This law gives business taxpayers the opportunity to save millions of dollars in the cost of complying with the fragmented municipal tax system. Businesses that want to take advantage of the state's new streamlined system for 2018 taxes have a deadline of March 1 to register through the Ohio Business Gateway. "**

*(OBG web site is: [www.business.ohio.gov](http://www.business.ohio.gov))*

Testa said the business community has for years urged the state to improve the municipal tax system. He said he's gratified that Ohio now has a better option for businesses to deal with the municipal net profit tax.

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(For questions, please contact Gary Gudmundson, Communications Director, Ohio Department of Taxation at 614,466.0099, or [gary.gudmundson@tax.state.oh.us](mailto:gary.gudmundson@tax.state.oh.us))