

Rule Summary and Fiscal Analysis

Part A - General Questions

Rule Number: 5703-41-02

Rule Type: Amendment

Rule Title/Tagline: Joint economic development zones and joint economic development districts.

Agency Name: Department of Taxation

Division:

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I. Rule Summary

1. Is this a five year rule review? Yes
 - A. What is the rule's five year review date? 10/18/2023
2. Is this rule the result of recent legislation? No
3. What statute is this rule being promulgated under? 119
4. What statute(s) grant rule writing authority? 5703.05, 718.80
5. What statute(s) does the rule implement or amplify? 718.80, 718.83
6. Does the rule implement a federal law or rule in a manner that is more stringent or burdensome than the federal law or regulation requires? No
 - A. If so, what is the citation to the federal law or rule? Not Applicable
7. What are the reasons for proposing the rule?

The rule was reviewed as part of the five-year rule review process.
8. Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.

The rule is applicable to joint economic development districts (JEDDs) and joint economic development zones (JEDZs) - not taxpayers. This rule requires the board of directors of JEDDs and JEDZs to provide the tax commissioner with documents and information necessary for the administration of the municipal net profit tax on behalf of the JEDDs and JEDZs and indicates that the tax commissioner will distribute any tax collections received to the municipal corporation identified by the JEDD/JEDZ as the municipal corporation responsible for collecting the tax. Non-substantive changes are proposed for this rule to remove unnecessary language and streamline the paragraphs.

9. Does the rule incorporate material by reference? No
10. If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75, please explain the basis for the exemption and how an individual can find the referenced material.

Not Applicable

11. If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.

Not Applicable

II. Fiscal Analysis

12. Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.

This will have no impact on revenues or expenditures.

0.00

Not Applicable.

13. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?

Not Applicable.

14. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No

15. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No

16. If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.

Not Applicable.

III. Common Sense Initiative (CSI) Questions

17. Was this rule filed with the Common Sense Initiative Office? Yes

18. Does this rule have an adverse impact on business? Yes

A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? No

B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? No

C. Does this rule require specific expenditures or the report of information as a condition of compliance? Yes

The rule prescribes what information joint economic development districts and joint economic development zones must provide the tax commissioner when they are formed, desolve, or change the terms of their agreements and when this must be done.

D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? No

IV. Regulatory Restriction Requirements under S.B. 9. Note: This section only applies to agencies described in R.C. 121.95(A).

19. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? Yes

A. How many new regulatory restrictions do you propose adding to this rule? 0

B. How many existing regulatory restrictions do you propose removing from this rule? 11

5703-41-02 (A)(1) "Agreement" means an agreement required by division (H) (4)

of section 715.691, division (F)(5) of section 715.70, division (G) of section 715.71, or division (F)(5)(c) of section 715.72 of the Revised Code, between the board of directors of a JEDD or JEDZ and a qualifying municipal corporation to administer, collect, and enforce the income tax on behalf of a JEDD or JEDZ. (changes "required by" to "prescribed under")

5703-41-02(B)(1) The board of directors of each JEDD and JEDZ shall provide a copy of the

signed contract and a map of the JEDD or JEDZ within thirty days of the effective date of this rule, or within thirty days of the effective date of the contract, whichever comes later. (removes "shall" by updating verbiage)

5703-41-02(B)(2) The board of directors of each JEDD and JEDZ shall provide a copy of any

signed amendment to the contract within thirty days of the effective date of this rule, or within thirty days of the effective date of such amendment, whichever comes later. (removes "shall" by updating verbiage)

5703-41-02(C) The board of directors of each JEDD and JEDZ shall notify the tax commissioner if a contract is renewed, terminated, or canceled, or if any change is made to the map of

the JEDD or JEDZ, at least thirty days prior to the effective date of the renewal, termination, cancelation, or change. (removes "shall" by streamlining paragraphs)

5703-41-02(D) The board of directors of each JEDD and JEDZ shall notify the tax commissioner

which qualifying municipal corporation is charged with administering, collecting,

and enforcing the municipal net profit tax on behalf of the JEDD or JEDZ and provide to the tax commissioner a copy of the agreement, and any amendments to

the agreement, as follows: (removes "shall" by streamlining paragraphs)

5703-41-02(D) (1) The board of directors of each JEDD and JEDZ shall notify the tax

commissioner and provide a copy of the signed agreement within thirty days of the effective date of this rule, or within thirty days of the effective date of

the agreement, whichever comes later. (removes "shall" by streamlining paragraphs)

5703-41-02(D)(2) The board of directors of each JEDD and JEDZ shall provide a copy of any signed amendment to the agreement within thirty days of the effective date of this rule, or within thirty days of the effective date of such amendment, whichever comes later. (removes "shall" by streamlining paragraphs)

5703-41-02(E) For each JEDD and JEDZ, the tax commissioner shall distribute tax collections according to section 718.83 of the Revised Code to the qualifying municipal corporation identified by the board of directors of each JEDD or JEDZ as the qualifying municipal corporation charged with administering, collecting, and... ("shall" to "will")

5703-41-02(E) The tax commissioner is not responsible for any delayed or errant distribution of tax collections under this paragraph if the board of directors of a JEDD or JEDZ fails to timely provide information required by this rule. ("required" to "prescribed")

5703-41-02(F) Nothing in this rule affects the exchange of information between the tax commissioner and municipal corporations under sections 718.80 to 718.95 of the Revised Code. Information provided by the tax commissioner to each JEDD and JEDZ shall be provided to the persons identified under division (D) of section 718.84 of the Revised Code. ("shal" to "will")

5703-41-02(G) The board of directors of each JEDD and JEDZ shall provide information to the tax commissioner required by this rule in accordance with guidance published by the tax commissioner on the Ohio department of taxation's website at <http://www.tax.ohio.gov>. ("required" to "prescribed")

- C. **If you are not removing existing regulatory restrictions from this rule, please list the rule number(s) from which you are removing restrictions.**
- D. **Please justify the adoption of the new regulatory restriction(s).**

Not Applicable