



## JEDD income taxes cannot exempt personal income or business net profits, Ohio Attorney General advises

March 17, 2015

Communities that are considering the use of a joint economic development district (JEDD) to promote economic development in their region should be mindful of a new Ohio Attorney General opinion relating to JEDD taxing authority. The opinion advises that a JEDD income tax must apply both to employee earnings and to the net profits of businesses within the territory that is taxed.

Ohio Revised Code Chapter 715 empowers townships, municipal corporations and counties to create a JEDD in order to support and encourage business growth within its territory. Among other powers delineated by statute, a JEDD may levy a tax on personal and business income. Revenue generated from the income tax can be used, for example, to pay costs of infrastructure improvements or promotional efforts necessary to encourage economic development.

Recently, the Union County communities of Liberty Township and the City of Marysville requested an advisory opinion regarding whether they could exempt business net profits from a JEDD income tax. (The Ohio Attorney General is frequently consulted by communities for assistance in interpreting unresolved statutory questions of this nature.) In response to the Union County request, the Ohio Attorney General explained that JEDDs have only such powers as are specified in the statute. With respect to taxing authority, the opinion concluded that Ohio Revised Code Chapter 715 does not authorize a JEDD to exempt either net profits from a business or individual compensation for personal services from any tax it imposes within the new community authority.

Ohio courts do not treat opinions of the Ohio Attorney General as binding precedent. However, these opinions are often the most authoritative resource that exists for interpreting the Ohio Revised Code.



**Robert F. McCarthy**

Partner

Columbus

614.227.2308

[rmccarthy@bricker.com](mailto:rmccarthy@bricker.com)

