



JEDDs face new reporting rule promulgated by the Ohio Department of Taxation

January 18, 2018

A new state rule requires joint economic development districts (JEDDs) to report and file certain information with the Ohio Tax Commissioner by February 12, 2018. Communities that have used JEDDs to support economic development should carefully consider these new requirements to ensure compliance.

JEDDs promote cooperation by local communities to support development projects in unincorporated territory. Through a JEDD, a development site can obtain infrastructure and services from neighboring townships and municipalities. In addition, the community can impose a municipal income tax to pay for these development costs.

Under the new rule, any JEDD that levies an income tax must file a number of specified materials with the tax commissioner. These materials include, among others, the signed JEDD agreement and any amendments thereto, a description and map of the JEDD territory, and the signed agreement between the JEDD and the municipal corporation that administers and collects the JEDD income tax. Communities will need to prospectively report to the tax commissioner any new JEDD or change to an existing JEDD, including an amendment, renewal or cancellation, under time periods specified in the rule.

The rule also applies to joint economic development zones (JEDZs), a similar local economic development tool. Although the Ohio General Assembly eliminated the authority to create JEDZs through legislation passed in 2014, JEDZs previously established remain in existence throughout Ohio.

The Ohio Department of Taxation announced the new rule, Ohio Administrative Code Section 5703-41-02, on January 12, 2018. Its

stated purpose is to assist the Ohio Department of Taxation with implementing new municipal income net profit tax regulations. JEDD boards, together with their township and municipal partners, will need to act quickly to comply with the new requirement. The rule also presents an opportunity for communities to revisit existing JEDD agreements to ensure compliance with other requirements, such as audit, insurance and reporting standards set by contract or statute.

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