RESOLUTION NO. 2026-053

A RESOLUTION DECLARING THE NECESSITY OF AN ELECTION ON THE QUESTION OF APPROVING THE PASSAGE OF AN ORDINANCE AMENDING SECTIONS 187.01, 187.03, 187.04 AND 187.27 OF THE CODIFIED ORDINANCES OF THE CITY OF KENT, OHIO, TO EXTEND AND EXPAND THE PURPOSE AND USE OF A PORTION OF THE CITY'S CURRENT INCOME TAX, BEGINNING JANUARY 1, 2027, TO PROVIDE FUNDS FOR THE MUNICIPAL OPERATIONS OF THE CITY, INCLUDING POLICE, FIRE AND SERVICE DEPARTMENT STAFFING NEEDS AND QUALITY OF LIFE PROJECTS AND PROGRAMS AS DETERMINED BY THE COUNCIL OF THE CITY, AND PAYING DEBT SERVICE CHARGES ON SECURITIES RELATED TO THAT PURPOSE; AND DECLARING AN EMERGENCY.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kent, Portage County, Ohio, at least three-quarters (3/4) of all members elected thereto concurring:

SECTION 1. This Council hereby authorizes and directs the submission to the electors of the City of Kent, Ohio, at an election to be held at the usual places of voting in the City on Tuesday, November 3, 2026, of the question of approving the passage of an ordinance to amend Sections 187.01, 187.03, 187.04 and 187.27 of the Codified Ordinances of the City of Kent, Ohio, to extend and expand the purpose and use of a portion of the City's current municipal income tax (specifically, income tax at the rate of one-quarter percent (0.25%) per annum approved by the voters at the election held on November 5, 2013) beginning January 1, 2027, to provide funds for the municipal operations of the City, including police, fire and service department staffing needs and quality of life projects and programs as determined by the Council of the City, and paying debt service charges on securities related to that purpose, for a continuing period of time, which ordinance is set forth in full in Section 2 hereof.

SECTION 2. The proposed ordinance to be submitted to the electors of the City for their approval hereunder shall be as follows:

"ORDINANCE NO. 2026-054

AN ORDINANCE AMENDING SECTIONS 187.01, 187.03, 187.04 AND 187.27 OF THE CODIFIED ORDINANCES OF THE CITY OF KENT, OHIO, TO EXTEND AND EXPAND THE PURPOSE AND USE OF A PORTION OF THE CITY'S INCOME TAX, BEGINNING JANUARY 1, 2027, TO PROVIDE FUNDS FOR THE MUNICIPAL OPERATIONS OF THE CITY, INCLUDING POLICE, FIRE AND SERVICE DEPARTMENT STAFFING NEEDS AND QUALITY OF LIFE PROJECTS AND PROGRAMS AS DETERMINED BY THE COUNCIL OF THE CITY, AND PAYING DEBT SERVICE CHARGES ON SECURITIES RELATED TO THAT PURPOSE; AND DECLARING AN EMERGENCY.

NOW, THEREFORE, BE IT RESOLVED *by the Council of the City of Kent, Portage County, Ohio, at least three-quarters (3/4) of all members elected thereto concurring:*

SECTION 1*. Effective January 1, 2027, Section 187.01 of the Codified Ordinances of the City of Kent, Ohio, is hereby amended to read as follows:*

"187.01 AUTHORITY TO LEVY TAX; PURPOSE OF TAX.

(A) To provide funds for the purposes of general Municipal operations, maintenance, new equipment, extension and enlargement of Municipal services and facilities and capital improvements, City of Kent, Ohio hereby levies an annual municipal income tax on income, qualifying wages, commissions and other compensation, and on net profits as hereinafter provided.

(B) The annual income tax levied by the City of Kent, Ohio is hereby imposed on and after January 1, 2027 at the rate of two and one-quarter percent (2.25%) per annum. The tax is levied at a uniform rate on all persons residing in or earning or receiving income in the City of Kent, Ohio. The tax is levied on income, qualifying wages, commissions and other compensation, and on net profits as hereinafter provided in Section 187.03 of this Chapter and other sections as they may apply.

(C) The tax on income and the withholding tax established by this Chapter are authorized by Article XVIII, Section 3 of the Ohio Constitution. The tax is levied in accordance with, and is intended to be consistent with, the provisions and limitations of Ohio Revised Code 718 (ORC 718)."

***SECTION 2**. Effective January 1, 2027, Section 187.03 of the Codified Ordinances of the City of Kent, Ohio, is hereby amended to read as follows:*

"187.03 IMPOSITION OF TAX.

The income tax levied by the City of Kent, Ohio, is hereby imposed on and after January 1, 2027, at the rate of two and one-quarter percent (2.25%) per annum and is levied on the Municipal Taxable Income of every person residing in and/or earning and/or receiving income in the City of Kent, Ohio.

Individuals.

(A) For residents of the City of Kent, Ohio, the income tax levied herein shall be on all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the resident, including the resident's distributive share of the net profit of pass-through entities owned directly or indirectly by the resident and any net profit of the resident. This is further detailed in the definition of income (Section 187.02(C)(16)).

(B) For nonresidents, all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the nonresident for work done, services performed or rendered, or activities conducted in the municipal corporation, including any net profit of the nonresident, but excluding the nonresident's distributive share of the net profit or loss of only pass-through entities owned directly or indirectly by the nonresident.

(C) For residents and nonresidents, income can be reduced to "Municipal Taxable Income" as defined in Section 187.02(C)(21). Exemptions which may apply are specified in Section 187.02(C)(12).

Refundable credit for Nonqualified Deferred Compensation Plan.

(D) (1) As used in this division:

(a) "Nonqualified deferred compensation plan" means a compensation plan described in Section 3121(v)(2)(C) of the Internal Revenue Code.

(b) "Qualifying loss" means the amount of compensation attributable to a taxpayer's nonqualified deferred compensation plan, less the receipt of money and property attributable to distributions from the nonqualified deferred compensation plan. Full loss is sustained if no distribution of money and property is made by the nonqualified deferred compensation plan. The taxpayer sustains a qualifying loss only in the taxable year in which the taxpayer receives the final distribution of money and property pursuant to that nonqualified deferred compensation plan.

(c) (i) "Qualifying tax rate" means the applicable tax rate for the taxable year for the which the taxpayer paid income tax to the City of Kent, Ohio with respect to any portion of the total amount of compensation the payment of which is deferred pursuant to a nonqualified deferred compensation plan.

(ii) If different tax rates applied for different taxable years, then the "qualifying tax rate" is a weighted average of those different tax rates. The weighted average shall be based upon the tax paid to the City of Kent, Ohio each year with respect to the nonqualified deferred compensation plan.

(d) "Refundable credit" means the amount of the City of Kent, Ohio income tax that was paid on the non-distributed portion, if any, of a nonqualified deferred compensation plan.

(2) If, in addition to the City of Kent, Ohio, a taxpayer has paid tax to other municipal corporations with respect to the nonqualified deferred compensation plan, the amount of the credit that a taxpayer may claim from each municipal corporation shall be calculated on the basis of each municipal corporation's proportionate share of the total municipal corporation income tax paid by the taxpayer to all municipal corporations with respect to the nonqualified deferred compensation plan.

(3) In no case shall the amount of the credit allowed under this section exceed the cumulative income tax that a taxpayer has paid to the City of Kent, Ohio for all taxable years with respect to the nonqualified deferred compensation plan.

(4) The credit allowed under this division is allowed only to the extent the taxpayer's qualifying loss is attributable to:

(a) The insolvency or bankruptcy of the employer who had established the nonqualified deferred compensation plan; or

(b) The employee's failure or inability to satisfy all of the employer's terms and conditions necessary to receive the nonqualified deferred compensation.

Domicile.

(E) (1) (a) An individual is presumed to be domiciled in the City of Kent, Ohio for all or part of a taxable year if the individual was domiciled in the City of Kent, Ohio on the last day of the immediately preceding taxable year or if the Tax Administrator reasonably concludes that the individual is domiciled in the City of Kent, Ohio for all or part of the taxable year.

(b) An individual may rebut the presumption of domicile described in division (E)(1)(a) of this section if the individual establishes by a preponderance of the evidence that the individual was not domiciled in the City of Kent, Ohio for all or part of the taxable year.

(2) For the purpose of determining whether an individual is domiciled in the City of Kent, Ohio for all or part of a taxable year, factors that may be considered include, but are not limited to, the following:

(a) The individual's domicile in other taxable years;

(b) The location at which the individual is registered to vote;

(c) The address on the individual's driver's license;

(d) The location of real estate for which the individual claimed a property tax exemption or reduction allowed on the basis of the individual's residence or domicile;

(e) The location and value of abodes owned or leased by the individual;

(f) Declarations, written or oral, made by the individual regarding the individual's residency;

(g) The primary location at which the individual is employed.

(h) The location of educational institutions attended by the individual's dependents as defined in Section 152 of the Internal Revenue Code, to the extent that tuition paid to such educational institution is based on the residency of the individual or the individual's spouse in the municipal corporation where the educational institution is located;

(i) The number of contact periods the individual has with the City of Kent, Ohio. For the purposes of this division, an individual has one "contact period" with the City of Kent, Ohio if the individual is away overnight from the individual's abode located outside of the City of Kent, Ohio and while away overnight from that abode spends at least some portion, however minimal, of each of two (2) consecutive days in the City of Kent, Ohio.

(3) All additional applicable factors are provided in the Rules and Regulations.

<u>Businesses.</u>

(F) This division applies to any taxpayer engaged in a business or profession in the City of Kent, Ohio, unless the taxpayer is an individual who resides in the City of Kent, Ohio or the taxpayer is an electric company, combined company, or telephone company that is subject to and required to file reports under Chapter 5745 of the ORC.

(1) Except as otherwise provided in division (F)(2) and (G) of this section, net profit from a business or profession conducted both within and without the boundaries of the City of Kent, Ohio shall be considered as having a taxable situs in the City of Kent, Ohio for purposes of municipal income taxation in the same proportion as the average ratio of the following:

(a) The average original cost of the real property and tangible personal property owned or used by the taxpayer in the business or profession in the City of Kent, Ohio during the taxable period to the average original cost of all of the real and tangible personal property owned or used by the taxpayer in the business or profession during the same period, wherever situated.

As used in the preceding paragraph, tangible personal or real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight (8);

(b) Wages, salaries, and other compensation paid during the taxable period to individuals employed in the business or profession for services performed in the City of Kent, Ohio to wages, salaries, and other compensation paid during the same period to individuals employed in the business or profession, wherever the individual's services are performed, excluding compensation from which taxes are not required to be withheld under Section 187.04 (C);

(c) Total gross receipts of the business or profession from sales and rentals made and services performed during the taxable period in the City of Kent, Ohio to total gross receipts of the business or profession during the same period from sales, rentals, and services, wherever made or performed.

(2) (a) If the apportionment factors described in division (F)(1) of this section do not fairly represent the extent of a taxpayer's business activity in the City of Kent, Ohio, the taxpayer may request, or the Tax Administrator of the City of Kent, Ohio may require, that the taxpayer use, with respect to all or any portion of the income of the taxpayer, an alternative apportionment method involving one or more of the following:

(i) Separate accounting;

(ii) The exclusion of one or more of the factors;

(iii) The inclusion of one or more additional factors that would provide for a more fair apportionment of the income of the taxpayer to the municipal corporation;

(iv) A modification of one or more of the factors.

(b) A taxpayer request to use an alternative apportionment method shall be in writing and shall accompany a tax return, timely filed appeal of an assessment, or timely filed amended tax return. The taxpayer may use the requested alternative method unless the Tax Administrator denies the request in an assessment issued within the period prescribed by Section 187.12 (A).

(c) The Tax Administrator may require a taxpayer to use an alternative apportionment method as described in division (F)(2)(a) of this section, but only by issuing an assessment to the taxpayer within the period prescribed by Section 187.12 (A).

(d) Nothing in division (F)(2) of this section nullifies or otherwise affects any alternative apportionment arrangement approved by the Tax Administrator or otherwise agreed upon by both the Tax Administrator and taxpayer before January 1, 2016.

(3) As used in division (F)(1)(b) of this section, "wages, salaries, and other compensation" includes only wages, salaries, or other compensation paid to an employee for services performed at any of the following locations:

(a) A location that is owned, controlled, or used by, rented to, or under the possession of one of the following:

(i) The employer;

(ii) A vendor, customer, client, or patient of the employer, or a related member of such a vendor, customer, client, or patient;

(iii) A vendor, customer, client, or patient of a person described in (F)(3)(a)(ii) of this section, or a related member of such a vendor, customer, client, or patient.

(b) Any location at which a trial, appeal, hearing, investigation, inquiry, review, court-martial, or similar administrative, judicial, or legislative matter or proceeding is being conducted, provided that the compensation is paid for services performed for, or on behalf of,

the employer or that the employee's presence at the location directly or indirectly benefits the employer;

(c) Any other location, if the Tax Administrator determines that the employer directed the employee to perform the services at the other location in lieu of a location described in division (F)(3)(a) or (b) of this section solely in order to avoid or reduce the employer's municipal income tax liability. If the Tax Administrator makes such a determination, the employer may dispute the determination by establishing, by a preponderance of the evidence, that the Tax Administrator's determination was unreasonable.

(4) For the purposes of division (F)(1)(c) of this section, and except as provided in division (G) of this section, receipts from sales and rentals made and services performed shall be sitused to a municipal corporation as follows:

(a) Gross receipts from the sale of tangible personal property shall be sitused to the municipal corporation only if, regardless of where title passes, the property meets either of the following criteria:

(i) The property is shipped to or delivered within the City of Kent, Ohio from a stock of goods located within the City of Kent, Ohio.

(ii) The property is delivered within the City of Kent, Ohio from a location outside the City of Kent, Ohio, provided the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within the City of Kent, Ohio and the sales result from such solicitation or promotion.

(b) Gross receipts from the sale of services shall be sitused to the City of Kent, Ohio to the extent that such services are performed in the City of Kent, Ohio.

(c) To the extent included in income, gross receipts from the sale of real property located in the City of Kent, Ohio shall be sitused to the City of Kent, Ohio.

(d) To the extent included in income, gross receipts from rents and royalties from real property located in the City of Kent, Ohio shall be sitused to the City of Kent, Ohio.

(e) Gross receipts from rents and royalties from tangible personal property shall be sitused to the City of Kent, Ohio based upon the extent to which the tangible personal property is used in the City of Kent, Ohio.

(5) The net profit received by an individual taxpayer from the rental of real estate owned directly by the individual, or by a disregarded entity owned by the individual, shall be subject to the City of Kent, Ohio's tax only if the property generating the net profit is located in the City of Kent, Ohio or if the individual taxpayer that receives the net profit is a resident of the City of Kent, Ohio. The City of Kent, Ohio shall allow such taxpayers to elect to use separate accounting for the purpose of calculating net profit sitused under this division to the municipal corporation in which the property is located.

(6) (a) Commissions received by a real estate agent or broker relating to the sale, purchase, or lease of real estate shall be sitused to the municipal corporation in which the real estate is located. Net profit reported by the real estate agent or broker shall be allocated to the City of Kent, Ohio, if applicable, based upon the ratio of the commissions the agent or broker received from the sale, purchase, or lease of real estate located in the City of Kent, Ohio to the commissions received from the sale, purchase, or lease of real estate everywhere in the taxable year.

(b) An individual who is a resident of the City of Kent, Ohio shall report the individual's net profit from all real estate activity on the individual's annual tax return for the

City of Kent, Ohio. The individual may claim a credit for taxes the individual paid on such net profit to another municipal corporation to the extent that such a credit is allowed under the City of Kent, Ohio's income tax ordinance.

(7) When calculating the ratios described in division (F)(1) of this section for the purposes of that division or division (F)(2) of this section, the owner of a disregarded entity shall include in the owner's ratios the property, payroll, and gross receipts of such disregarded entity.

(8) Intentionally left blank.

(9) Intentionally left blank.

(G) (1) As used in this section:

(a) "Qualifying remote employee or owner" means an individual who is an employee of a taxpayer or who is a partner or member holding an ownership interest in a taxpayer that is treated as a partnership for federal income tax purposes, provided that the individual meets both of the following criteria:

(i) The taxpayer has assigned the individual to a qualifying reporting location.

(ii) The individual is permitted or required to perform services for the taxpayer at a qualifying remote work location.

(b) "Qualifying remote work location" means a permanent or temporary location at which an employee or owner chooses or is required to perform services for the taxpayer, other than a reporting location of the taxpayer or any other location owned or controlled by a customer or client of the taxpayer. "Qualifying remote work location" may include the residence of an employee or owner and may be located outside of the City of Kent or a municipal corporation that imposes an income tax in accordance with this chapter. An employee or owner may have more than one qualifying remote work location during a taxable year.

(c) "Reporting location" means either of the following:

(i) A permanent or temporary place of doing business, such as an office, warehouse, storefront, construction site, or similar location, that is owned or controlled directly or indirectly by the taxpayer;

(ii) Any location in this state owned or controlled by a customer or client of the taxpayer, provided that the taxpayer is required to withhold taxes under Section 187.05 on qualifying wages paid to an employee for the performance of personal services at that location.

(d) " Qualifying reporting location" means one of the following:

(i) The reporting location in this state at which an employee or owner performs services for the taxpayer on a regular or periodic basis during the taxable year;

(ii) If no reporting location exists in this state for an employee or owner under division (C)(i)(d)(1) of this section, the reporting location in this state at which the employee's or owner's supervisor regularly or periodically reports during the taxable year;

(iii) If no reporting location exists in this state for an employee or owner under division (C)(i)(d)(1) or (2) of this section, the location that the taxpayer otherwise assigns as the employee's or owner's qualifying reporting location, provided the assignment is made in good faith and is recorded and maintained in the taxpayer's business records. A taxpayer may

change the qualifying reporting location designed for an employee or owner under this division at any time.

(2) A taxpayer may elect to apply the provisions of this section to the apportionment of its net profit from a business or profession. For taxpayers that make this election, the provisions of division (F) of this section apply to such apportionment except as otherwise provided in this division.

A taxpayer shall make the election allowed under this section in writing on or with the taxpayer's net profit return or, if applicable, a timely filed amended net profit return or a timely filed appeal of an assessment. The election applies to the taxable year for which that return, or appeal is filed and for all subsequent taxable years, until the taxpayer revokes the election. The taxpayer shall make the initial election with the tax administrator of each municipal corporation with which, after applying the apportionment provisions authorized in this section, the taxpayer is required to file a net profit tax return for that taxable year.

A taxpayer shall not be required to notify the tax administrator of a municipal corporation in which a qualifying unless the taxpayer is otherwise required to file a net profit return with that municipal corporation due to business operations that are unrelated to the employee's or owner's activity at the qualifying remote work location.

After the taxpayer makes the initial election, the election applies to every municipal corporation in which the taxpayer conducts business. The taxpayer shall not be required to file a net profit return with a municipal corporation solely because a qualifying remote employee's or owner's qualifying remote work location is located in such municipal corporation.

Nothing in this section prohibits a taxpayer from making a new election under this section after properly revoking a prior election.

(3) For the purpose of calculating the ratios in division (F)(1) of this section, all of the following apply to a taxpayer that has made the election described in division (G)(2):

(a) For the purpose of division (F)(1)(a) of this section, the average original cost of any tangible personal property used by a qualify remote employee or owner at that individual's qualifying remote work location shall be sitused to that individual's qualifying reporting location.

(b) For the purpose of division (F)(1)(b), any wages, salaries, and other compensation paid during the taxable period to a qualifying remote employee or owner for services performed at that individual's qualifying remote work location shall be sitused to that individual's qualifying reporting location.

(c) For the purpose of division (B)(1)(c) and notwithstanding Section 187.06(B)(4), any gross receipts of the business or profession from services performed during the taxable period by qualifying remote employee or owner for services performed at that individual's qualifying remote work location shall be sitused to the individual's qualifying reporting location.

(4) Nothing in this section prevents a taxpayer from requesting, or a tax administrator from requiring, that the taxpayer use, with respect to all or a portion of the income of the taxpayer, an alternative apportionment method as described in division (F)(2). However, a tax administrator shall not require an alternative apportionment method in such a manner that it would require a taxpayer to file a net profit return with the municipal corporation solely because a qualifying remote employee's or owner's qualifying remote work location is located in the municipal corporation.

(H) Except as otherwise provided in this section, nothing in this section is intended to affect the withholding of taxes on qualifying wages pursuant to Section 187.04."

<u>SECTION 3</u>. *Effective January 1, 2027, Section 187.04 of the Codified Ordinances of the City of Kent, Ohio, is hereby amended to read as follows:*

"187.04 COLLECTION AT SOURCE.

<u>Withholding provisions.</u>

(A) Each employer, agent of an employer, or other payer located or doing business in the City of Kent, Ohio shall withhold an income tax from the qualifying wages earned and/or received by each employee in the City of Kent, Ohio. Except for qualifying wages for which withholding is not required under Section 187.03 or division (B)(4) or (6) of this section, the tax shall be withheld at the rate specified in Section 187.03 of this chapter. An employer, agent of an employer, or other payer shall deduct and withhold the tax from qualifying wages on the date that the employer, agent, or other payer directly, indirectly, or constructively pays the qualifying wages to, or credits the qualifying wages to the benefit of, the employee.

(B) (1) Except as provided in division (B)(2) of this section, an employer, agent of an employer, or other payer shall remit to the Tax Administrator of the City of Kent, Ohio the greater of the income taxes deducted and withheld or the income taxes required to be deducted and withheld by the employer, agent, or other payer according to the following schedule:

(a) Taxes required to be deducted and withheld shall be remitted monthly to the Tax Administrator if the total taxes deducted and withheld or required to be deducted and withheld by the employer, agent, or other payer on behalf of the City of Kent, Ohio in the preceding calendar year exceeded two thousand three hundred ninety nine dollars ($2,399.00), or if the total amount of taxes deducted and withheld or required to be deducted and withheld on behalf of the City of Kent, Ohio in any month of the preceding calendar quarter exceeded two hundred dollars ($200.00).

Payment under division (B)(1)(a) of this section shall be made so that the payment is received by the Tax Administrator not later than fifteen (15) days after the last day of each month for which the tax was withheld.

(b) Any employer, agent of an employer, or other payer not required to make payments under division (B)(1)(a) of this section of taxes required to be deducted and withheld shall make quarterly payments to the Tax Administrator not later than the fifteenth (15th) day of the month following the end of each calendar quarter.

(c) Intentionally left blank.

(2) If the employer, agent of an employer, or other payer is required to make payments electronically for the purpose of paying federal taxes withheld on payments to employees under Section 6302 of the Internal Revenue Code, 26 C.F.R. 31.6302-1, or any other federal statute or regulation, the payment shall be made by electronic funds transfer to the Tax Administrator of all taxes deducted and withheld on behalf of the City of Kent, Ohio. The payment of tax by electronic funds transfer under this division does not affect an employer's, agents or other payer's obligation to file any return as required under this section.

(3) An employer, agent of an employer, or other payer shall make and file a return showing the amount of tax withheld by the employer, agent, or other payer from the qualifying wages of each employee and remitted to the Tax Administrator. A return filed by an employer,

agent, or other payer under this division shall be accepted by Tax Administrator and the City of Kent, Ohio as the return required of an non-resident employee whose sole income subject to the tax under this chapter is the qualifying wages reported by the employee's employer, agent of an employer, or other payer.

(4) An employer, agent of an employer, or other payer is not required to withhold the City of Kent, Ohio income tax with respect to an individual's disqualifying disposition of an incentive stock option if, at the time of the disqualifying disposition, the individual is not an employee of either the corporation with respect to whose stock the option has been issued or of such corporation's successor entity.

(5) (a) An employee is not relieved from liability for a tax by the failure of the employer, agent of an employer, or other payer to withhold the tax as required under this chapter or by the employer's, agent's, or other payer's exemption from the requirement to withhold the tax.

(b) The failure of an employer, agent of an employer, or other payer to remit to the City of Kent, Ohio the tax withheld relieves the employee from liability for that tax unless the employee colluded with the employer, agent, or other payer in connection with the failure to remit the tax withheld.

(6) Compensation deferred before June 26, 2003, is not subject to the City of Kent, Ohio income tax or income tax withholding requirement to the extent the deferred compensation does not constitute qualifying wages at the time the deferred compensation is paid or distributed.

(7) Each employer, agent of an employer, or other payer required to withhold taxes is liable for the payment of that amount required to be withheld, whether or not such taxes have been withheld, and such amount shall be deemed to be held in trust for the City of Kent, Ohio until such time as the withheld amount is remitted to the Tax Administrator.

(8) On or before the last day of February of each year, an employer shall file a withholding reconciliation return with the Tax Administrator listing:

(a) The names, addresses, and social security numbers of all employees from whose qualifying wages tax was withheld or should have been withheld for the City of Kent, Ohio during the preceding calendar year;

(b) The amount of tax withheld, if any, from each such employee, the total amount of qualifying wages paid to such employee during the preceding calendar year,;

(c) The name of every other municipal corporation for which tax was withheld or should have been withheld from such employee during the preceding calendar yea;

(d) Any other information required for federal income tax reporting purposes on Internal Revenue Service form W-2 or its equivalent form with respect to such employee;

(e) Other information as may be required by the Tax Administrator.

(9) The officer or the employee of the employer, agent of an employer, or other payer with control or direct supervision of or charged with the responsibility for withholding the tax or filing the reports and making payments as required by this section, shall be personally liable for a failure to file a report or pay the tax due as required by this section. The dissolution of an employer, agent of an employer, or other payer does not discharge the officer's or employee's liability for a failure of the employer, agent of an employer, or other payer to file returns or pay any tax due.

(10) An employer is required to deduct and withhold the City of Kent, Ohio income tax on tips and gratuities received by the employer's employees and constituting qualifying wages,

but only to the extent that the tips and gratuities are under the employer's control. For the purposes of this division, a tip or gratuity is under the employer's control if the tip or gratuity is paid by the customer to the employer for subsequent remittance to the employee, or if the customer pays the tip or gratuity by credit card, debit card, or other electronic means.

(11) The Tax Administrator shall consider any tax withheld by an employer at the request of an employee, when such tax is not otherwise required to be withheld by this chapter to be tax required to be withheld and remitted for the purposes of this section

Occasional Entrant - Withholding.

(C) (1) As used in this division:

(a) "Employer" includes a person that is a related member to or of an employer.

(b) "Fixed location" means a permanent place of doing business in this state, such as an office, warehouse, storefront, or similar location owned or controlled by an employer.

(c) "Principal place of work" means the fixed location to which an employee is required to report for employment duties on a regular and ordinary basis. If the employee is not required to report for employment duties on a regular and ordinary basis to a fixed location, "principal place of work" means the worksite location in this state to which the employee is required to report for employment duties on a regular and ordinary basis. If the employee is not required to report for employment duties on a regular and ordinary basis to a fixed location or worksite location, "principal place of work" means the location in this state at which the employee spends the greatest number of days in a calendar year performing services for or on behalf of the employee's employer.

If there is not a single municipal corporation in which the employee spent the "greatest number of days in a calendar year" performing services for or on behalf of the employer, but instead there are two (2) or more municipal corporations in which the employee spent an identical number of days that is greater than the number of days the employee spent in any other municipal corporation, the employer shall allocate any of the employee's qualifying wages subject to division (C)(2)(a)(i) of this section among those two (2) or more municipal corporations. The allocation shall be made using any fair and reasonable method, including, but not limited to, an equal allocation among such municipal corporations or an allocation based upon the time spent or sales made by the employee in each such municipal corporation. A municipal corporation to which qualifying wages are allocated under this division shall be the employee's "principal place of work" with respect to those qualifying wages for the purposes of this section.

For the purposes of this division, the location at which an employee spends a particular day shall be determined in accordance with division (C)(2)(b) of this section, except that "location" shall be substituted for "municipal corporation" wherever "municipal corporation" appears in that division.

(d) "Professional athlete" means an athlete who performs services in a professional athletic event for wages or other remuneration.

(e) "Professional entertainer" means a person who performs services in the professional performing arts for wages or other remuneration on a per-event basis.

(f) "Public figure" means a person of prominence who performs services at discrete events, such as speeches, public appearances, or similar events, for wages or other remuneration on a per-event basis.

(g) "Worksite location" means a construction site or other temporary worksite in this state at which the employer provides services for more than twenty (20) days during the calendar year. "Worksite location" does not include the home of an employee.

(2) (a) Subject to divisions (C)(3), (5), (6), and (7) of this section, an employer is not required to withhold the City of Kent, Ohio income tax on qualifying wages paid to an employee for the performance of personal services in the City of Kent, Ohio if the employee performed such services in the City of Kent, Ohio on twenty (20) or fewer days in a calendar year, unless one of the following conditions applies:

(i) The employee's principal place of work is located in the City of Kent, Ohio.

(ii) The employee performed services at one or more presumed worksite locations in the City of Kent, Ohio. For the purposes of this division, "presumed worksite location" means a construction site or other temporary worksite in the City of Kent, Ohio at which the employer provides or provided services that can reasonably be, or would have been, expected by the employer to last more than twenty (20) days in a calendar year. Services can "reasonably be expected by the employer to last more than twenty (20) days" if either of the following applies at the time the services commence:

(a) The nature of the services are such that it will require more than twenty (20) days of the services to complete the services;

(b) The agreement between the employer and its customer to perform services at a location requires the employer to perform the services at the location for more than twenty (20) days.

(iii) The employee is a resident of the City of Kent, Ohio and has requested that the employer withhold tax from the employee's qualifying wages as provided in Section 187.04 .

(iv) The employee is a professional athlete, professional entertainer, or public figure, and the qualifying wages are paid for the performance of services in the employee's capacity as a professional athlete, professional entertainer, or public figure.

(b) For the purposes of division (C)(2)(a) of this section, an employee shall be considered to have spent a day performing services in the City of Kent, Ohio only if the employee spent more time performing services for or on behalf of the employer in the City of Kent, Ohio than in any other municipal corporation on that day. For the purposes of determining the amount of time an employee spent in a particular location, the time spent performing one or more of the following activities shall be considered to have been spent at the employee's principal place of work:

(i) Traveling to the location at which the employee will first perform services for the employer for the day;

(ii) Traveling from a location at which the employee was performing services for the employer to any other location;

(iii) Traveling from any location to another location in order to pick up or load, for the purpose of transportation or delivery, property that has been purchased, sold, assembled, fabricated, repaired, refurbished, processed, remanufactured, or improved by the employee's employer;

(iv) Transporting or delivering property described in division (C)(2)(b)(iii) of this section, provided that, upon delivery of the property, the employee does not temporarily or permanently affix the property to real estate owned, used, or controlled by a person other than the employee's employer;

(v) Traveling from the location at which the employee makes the employee's final delivery or pick-up for the day to either the employee's principal place of work or a location at which the employee will not perform services for the employer.

(3) If the principal place of work of an employee is located in another Ohio municipal corporation that imposes an income tax, the exception from withholding requirements described in division (C)(2)(a) of this section shall apply only if, with respect to the employee's qualifying wages described in that division, the employer withholds and remits tax on such qualifying wages to that municipal corporation.

(4) (a) Except as provided in division (C)(4)(b) of this section, if, during a calendar year, the number of days an employee spends performing personal services in the City of Kent, Ohio exceeds the twenty (20) day threshold, the employer shall withhold and remit tax to the City of Kent, Ohio for any subsequent days in that calendar year on which the employer pays qualifying wages to the employee for personal services performed in the City of Kent, Ohio.

(b) An employer required to begin withholding tax for the City of Kent, Ohio under division (C)(4)(a) of this section may elect to withhold tax for the City of Kent, Ohio for the first twenty (20) days on which the employer paid qualifying wages to the employee for personal services performed in the City of Kent, Ohio.

(5) If an employer's fixed location is the City of Kent, Ohio and the employer qualifies as a small employer as defined in Section 187.02 , the employer shall withhold municipal income tax on all of the employee's qualifying wages for a taxable year and remit that tax only to the City of Kent, Ohio, regardless of the number of days which the employee worked outside the corporate boundaries of the City of Kent, Ohio.

To determine whether an employer qualifies as a small employer for a taxable year, the employer will be required to provide the Tax Administrator with the employer's federal income tax return for the preceding taxable year.

(6) Divisions (C)(2)(a) and (4) of this section shall not apply to the extent that a Tax Administrator and an employer enter into an agreement regarding the manner in which the employer shall comply with the requirements of Section 187.04."

SECTION 4. *Effective January 1, 2027, Section 187.27 of the Codified Ordinances of the City of Kent, Ohio, is hereby amended to read as follows:*

"187.27 ALLOCATION OF FUNDS.

The funds collected under the provisions of this chapter, for collections based on a municipal income tax rate of two and a quarter percent (2.25%) per annum pursuant to Section 187.03 of this chapter, shall be paid into the Income Tax Fund and applied to the following purposes:

(A) Administration. Such part thereof as shall be necessary to defray all costs of collecting the tax levied by this chapter and the cost of administering and enforcing the provisions hereof shall first be allocated to the Income Tax Administration Fund.

(B) Other Purposes. Subject to the limitations prescribed in the Charter of the City, namely, that no more than seventy five percent (75%) of the proceeds of the City Income Tax, after payment of the expenses of collection and enforcement, shall be spent for any purpose other than a capital improvement, the net proceeds after cost of administration, enforcement, credits, and refunds shall be applied to the following separate accounts to be kept by the Finance Director for capital improvements and for the General Fund operation of the City, as herein designated:

(1) The first two-ninths (2/9) of such net proceeds to fire and emergency medical service operations and the purchase and/or maintenance of equipment and/or facilities, including related debt service.

(2) The second two-ninths (2/9) of such net proceeds to police, fire and emergency medical service operations and the purchase and/or maintenance of equipment and/or facilities, including related debt service.

(3) The third one-ninth (1/9) of such net proceeds to provide funds for municipal operations of the City, including police, fire and service department staffing needs and quality of life projects and programs as determined by the Council of the City, including related debt service.

(4) The remaining four-ninths (4/9):

(a) To real estate acquisition and expansion. "Real estate expansion" means expansion and remodeling of any real estate, including buildings thereon to which the City has a title in fee simple or a leasehold interest of not less than twenty five (25) years;

(b) To construction or relocation of any bridges or contributions to any proper governmental body for the construction, relocation or repair of any bridges or bridge routes within the City;

(c) To sanitary sewer systems construction and installation of trunk lines and interceptor systems and the collecting sanitary sewer lines;

(d) To street construction, installation, widening, resurfacing hard finish streets, relocating and restoring curbs, gutters and sidewalks with all accessories within the City, including contributions to any proper governmental body for such purposes within the City;

(e) To storm sewer construction, trunk line construction, installation and expanding facilities;

(f) To Safety Department purchase of Fire Department equipment, and Police Department equipment and expansion of facilities;

(g) To the purchase of any capital equipment;

(h) To water work system, construction and installation of trunk lines and water distribution lines, land acquisition and well field development; and

(i) To the General Fund."

***SECTION 5**. Effective January 1, 2027, Sections 187.01, 187.03, 187.04 and 187.27 of the Codified Ordinances of the City of Kent, Ohio, as it has heretofore existed, is hereby repealed. Provided, however, that no provision of this ordinance, including the repeal of Sections 187.01, 187.03, 187.04 and 187.27 of the Codified Ordinances of the City of Kent, Ohio, as they have heretofore existed, shall in any way affect any rights or obligations of the City, any taxpayer, or any other person, official or entity, with respect to the municipal income tax assessed by Chapter 187 of the Codified Ordinances of the City of Kent, Ohio, as it has heretofore existed and shall remain in effect until January 1, 2027.*

***SECTION 6**. This Council finds and determines that all formal actions of this Council concerning and relating to the adoption of this resolution were taken, and all deliberations of this Council and of any of its committees that resulted in such formal actions were held, in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.*

<u>SECTION 7</u>. *That this Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the residents of this City and for the further reason that it is necessary that this Ordinance be effective immediately in order to enable the City to timely commence collection of the City's income tax for the amended purpose provided for in this Ordinance commencing January 1, 2027, as approved by the electors of this City; for which reason and other reasons manifest to this Council this Ordinance shall take effect and be in force immediately upon its passage.*

ADOPTED: ____________________
Date

____
Jake E. Amrhein
Mayor and President of Council

EFFECTIVE: ____________________
Date

ATTEST: ________________________
Kathleen Coleman
Clerk of Council

I, KATHLEEN COLEMAN, CLERK OF COUNCIL FOR THE CITY OF KENT, COUNTY OF PORTAGE, AND STATE OF OHIO, AND IN WHOSE CUSTODY THE ORIGINAL FILES AND RECORDS OF SAID COUNCIL ARE REQUIRED TO BE KEPT BY THE LAWS OF THE STATE OF OHIO, HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF ORDINANCE No. 2026-_____, PASSED BY THE COUNCIL OF THE CITY OF KENT ON _______________, 2026.

(SEAL)

____
KATHLEEN COLEMAN
CLERK OF COUNCIL"

<u>SECTION 3</u>. It is the desire of this Council that the ballot language presented to the electors of the City of Kent shall be in substantially the following form:

A majority affirmative vote is necessary for passage.

Shall the ordinance (Ordinance No. 2026-054) amending 187.01, 187.03, 187.04 and 187.27 of the Codified Ordinances of the City of Kent to extend and expand the purpose and use of a portion of the City's current municipal income tax, beginning January 1, 2027, to provide funds for the municipal operations of the City, including police, fire and service department staffing needs and quality of life projects and programs as determined by the Council of the City, and paying debt service charges on securities related to that purpose, for a continuing period of time, be approved?

	FOR THE INCOME TAX
	AGAINST THE INCOME TAX

The City Manager and the Director of Law, with the advice of the City's legal counsel, are each authorized to further or differently summarize the language of the proposed amendment for purposes of creating an appropriate ballot if requested or required by the Portage County Board of Elections, the Ohio Secretary of State or others.

SECTION 4. The Clerk of Council be and is hereby directed to file a certified copy of this resolution with the Portage County Board of Elections before the close of business, on August 5, 2026.

SECTION 5. If the electors should fail to approve the passage of the Ordinance set forth in Section 2 of this Resolution at the election on November 3, 2026, such failure shall not in any way affect any rights or obligations of the City, any taxpayer, or any other person, official or entity, with respect to Chapter 187 of the City's Codified Ordinances.

SECTION 6. This Resolution supersedes any prior action of Council with respect to the matters described herein, to the extent such prior action is in conflict herewith.

SECTION 7. This Council finds and determines that all formal actions of this Council concerning and relating to the adoption of this resolution were taken, and all deliberations of this Council and of any of its committees that resulted in such formal actions were held, in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 8. That this Resolution is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the residents of this City and for the further reason that it is necessary that this Resolution be effective immediately so that it can be timely filed with the County Board of Elections in order to submit the question of set forth herein to the electors at an election to be held on November 3, 2026; for which reason and other reasons manifest to this Council this Resolution shall take effect and be in force immediately upon its adoption.

ADOPTED: June 17, 2026
Date

EFFECTIVE: June 17, 2026
Date

ATTEST: Kathleen Coleman
Kathleen Coleman
Clerk of Council

Jack E. Amrhein
Mayor and President of Council

I, KATHLEEN COLEMAN, CLERK OF COUNCIL FOR THE CITY OF KENT, COUNTY OF PORTAGE, AND STATE OF OHIO, AND IN WHOSE CUSTODY THE ORIGINAL FILES AND RECORDS OF SAID COUNCIL ARE REQUIRED TO BE KEPT BY THE LAWS OF THE STATE OF OHIO, HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF *RESOLUTION No.* 2026-53, ADOPTED BY THE COUNCIL OF THE CITY OF KENT ON June 17, 2026.

(SEAL)

KATHLEEN COLEMAN
CLERK OF COUNCIL