

CITY OF BEDFORD, OHIO

ORDINANCE NO. 011-23

AN ORDINANCE AMENDING **SECTION 178.03 (11)(N)** OF THE CODIFIED ORDINANCES OF THE CITY OF BEDFORD AND DECLARING AN EMERGENCY

WHEREAS, under 178.03 DEFINITIONS, the definition of Exempt Income 178.03(11) includes the definition of income under subsection (N) INCOME, and

WHEREAS, the definition of Income is then later provided in 178.03(14), and

WHEREAS, the definition of Income should not be included within the definition of Exempt Income, and

WHEREAS, the Administration recommends that the City amend the ordinance to remove the definition of income from the definition of exempt income.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Bedford, County of Cuyahoga, and the State of Ohio:

Section 1. Under section 178.03(11) "EXEMPT INCOME," subsection (N) "INCOME" of the Administrative Code which formerly read:

(N) "INCOME" means the following:

- (1) (a) For residents, all income, salaries, qualifying wages, commissions, prizes, awards and winnings paid to residents of the municipality derived from the State lottery and paid by the State Lottery Commission 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.
- (b) Any amount of a net operating loss used to reduce a taxpayer's net profit for a taxable year shall reduce the amount of net operating loss that may be carried forward to any subsequent year for use by that taxpayer. In no event shall the cumulative deductions for all taxable years with respect to a taxpayer's net operating loss exceed the original amount of that net operating loss available to that taxpayer.
- (2) In the case of nonresidents, all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the nonresident for work done, Lottery (including the Ohio Lottery), sweepstakes, gambling and sports winnings, winnings from games of chance, and prizes and awards won by residents in any jurisdiction and by nonresidents when such winnings result from a purchase or activity conducted in the City of Bedford. If the taxpayer is a professional gambler for federal income tax purposes, the taxpayer may deduct related wagering losses and expenses to the extent authorized under the Internal Revenue Code and claimed against such winnings. Credit for tax withheld or paid to another municipal corporation on such winnings

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paid to the municipal corporation where winnings occur is limited to the credit as specified in Section 178.08 (1) of this chapter, services performed or rendered, or activities conducted in the Municipality, including any net profit of the nonresident.

- (3) For taxpayers that are not individuals, net profit of the taxpayer;
- (4) For both resident and non-resident individuals, "other compensation" shall mean:
  - (a) Tips, bonuses, or gifts of any type, and including compensation received by domestic servants, casual employees and other types of employees. These payments are normally reported on a Form 1099 MISC.
  - (b) If the income appears as part of Medicare wages on a W-2 form and is not shown to be an exception in accordance with Section 178.03(K), it shall be considered other compensation and is therefore taxable to the individual. This includes, but is not limited to:
    - (i) Payments made by an employer to an employee during periods of absence from work are taxable when paid and at the tax rate in effect at the time of payment, regardless of the fact that such payments may be labeled as sick leave or sick pay, sick pay paid by the employer to the employee, severance pay, supplemental unemployment benefits described in section 3402(o)(2) of the Internal Revenue Code, vacation pay, terminal pay, supplemental unemployment pay, wage and salary continuation plans, payments made for the release of liability related to termination of employment.
    - (ii) Tips, bonuses, fees, gifts in lieu of pay, gratuities.
    - (iii) Strike pay; grievance pay.
    - (iv) Employer paid premiums for group term life insurance to the extent taxable for federal income tax purposes.
    - (v) Car allowance, personal use of employer-provided vehicle.
    - (vi) Incentive payments, no matter how described, including, but not limited to, payments to induce early retirement.
    - (vii) Contributions by an employee or on behalf of an employee, from gross wages, into an employee or third party trust or pension plan as permitted by any provision of the Internal Revenue Code that may be excludable from gross wages for federal income tax purposes such as 401K, 403(b), and 457 plans.
    - (viii) Nonqualified Deferred Compensation Plans or programs described in section 3121(v)(2)(C) of the Internal Revenue Code.
  - (c) Trust payments not made pursuant to employee's retirement.
  - (d) Where compensation is paid or received in property, its fair market value at the time of receipt shall be subject to the tax and to withholding.
    - (i) Board, lodging or similar items received by an employee in lieu of additional cash compensation shall be included in earnings at their fair market value.
    - (ii) Restricted stock awards that vest over a period of time are taxable at their fair market value at the time they become vested and

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included in Medicare wages, as shown on the employee's IRS Form W-2.

**BE AND THE SAME IN HERBY AMENDED TO READ AS FOLLOWS:**

(N) Intentionally left blank.

Section 2. The remaining provisions of Section 178.03 not herein shall remain in full force and effect. The only changes were the deletion of Section 178.03(11) subsection (N)N to avoid confusion and clarify Exempt Income defined in Section 178.03(11).

Section 3. It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code.

Section 4. This Ordinance is declared to be an emergency measure immediately necessary for the public peace, health, safety, and welfare and for the further reason that Council desires to immediately implement this change in the Administrative Code.

WHEREFORE, this Ordinance shall take effect and be in force from and after the earliest date allowed by law.

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Victor Fluharty, Vice Mayor-President of Council

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Tracy M. Simons, Clerk of Council

Prepared and approved as to legal content by: \_\_\_\_\_  
John J. Montello, Law Director

PASSED: January 17, 2023