

ORDINANCE NO. 15-23

AN ORDINANCE AMENDING TAXABLE INCOME AS DEFINED IN TITLE SEVEN, CHAPTER 181: MUNICIPAL INCOME TAX

WHEREAS, the present income tax ordinance of the Village of New Lexington, Ohio ("Village") is insufficient in form and substance for the complete preservation of the public peace, health, safety and general welfare of the Village and for the proper conduct of its affairs;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE VILLAGE OF NEW LEXINGTON, COUNTY OF PERRY, STATE OF OHIO:

Section 1. The following items are subject to the tax imposed by Section 181.02:

(1) Income, including but not limited to salaries, qualifying wages, bonuses and incentive payments earned by an individual, whether directly or through an agent, and whether in cash and/or in property for services rendered during the tax period as an officer, director or employee of a corporation (including charitable and other non-profit organizations), or association or any other entity or person; an officer or employee (whether elected, appointed, or commissioned) of the United States Government or any of its agencies or of the State of Ohio or any of its political subdivisions or agencies thereof; or any foreign country or dependency.

(a) "**Qualifying wages**" means wages, as defined in Section 3121(a) of the Internal Revenue Code, without regard to any wage limitations, adjusted as follows:

(1A) Deduct any amount included in wages if the amount constitutes compensation attributable to a plan or program described in section 125 of the Internal Revenue Code.

(2A) Add the following amounts:

(i) Any amount not included in wages solely because the employee was employed by the employer prior to April 1, 1986;

(ii) Any amount not included in wages because the amount arises from the sale, exchange, or other disposition of a **stock option**, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option. This sub-paragraph applies only to those amounts constituting ordinary income.

(iii) Any amount not included in wages if the amount is an amount described in section 401(k) or 457 of the Internal

Revenue Code. This sub-paragraph applies only to employee contributions and employee deferrals.

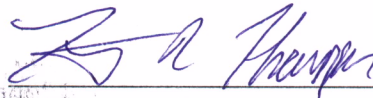
(iv) Any amount that is supplemental unemployment compensation benefits described in section 3402(o)(2) of the Internal Revenue Code and not included in wages.

(b) The definition for "qualifying wage" is effective for taxable years beginning after 2003.

(2) The employer is **not** required to make any withholding 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 the corporation with respect to whose stock the option has been issued. However, if an incentive stock option is exercised as a disqualifying disposition, the income **is** then considered ordinary income (vs. capital gains) and therefore is subject to Medicare, and consequently subject to tax by the Village of New Lexington, Ohio.

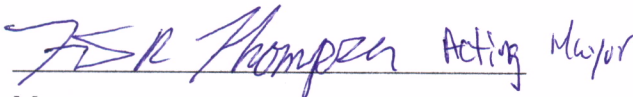
(3) On all income derived anywhere from **lottery, gambling and sports winnings, and games of chance** by residents of the Village of New Lexington, Ohio. No deductions shall be allowed against these sources of income. However, if the taxpayer is considered a professional gambler for federal income tax purposes, related deductions as permitted by the Internal Revenue Code shall be allowed against gambling and sports winnings.

Passed: 11-24-15



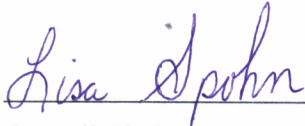
President of Council

Approved:



Mayor

Attest:



Council Clerk