

# **Bond Case Briefs**

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## **TAX - OHIO**

### **Schaad v. Alder**

**Supreme Court of Ohio - February 14, 2024 - N.E.3d - 2024 WL 589335 - 2024-Ohio-525**

Worker filed action against city finance director alleging that state law that provided that, for limited time during COVID-19 pandemic, Ohio workers would be taxed by municipality that was their principal place of work rather than by municipality where they actually performed their work violated United States and Ohio Constitutions, and requesting injunction prohibiting enforcement of law and refund of his withheld municipal income taxes.

The Court of Common Pleas dismissed the suit. The First District Court of Appeals affirmed. The Supreme Court accepted worker's appeal.

The Supreme Court held that:

- Rational basis existed for statute, for purposes of whether statute violated due process under United States Constitution;
- Statute did not violate due-process limits on taxation power of the State; and
- Statute did not violate Home Rule Amendment of Ohio Constitution.

Rational basis existed for income tax statute providing that, for limited time during COVID-19 pandemic, Ohio workers would be taxed by municipality that was their principal place of work rather than by municipality where they actually performed their work, for purposes of whether statute violated due process under United States Constitution; Ohio had legitimate interest in ensuring that municipal revenues remained stable amidst rapid switch to remote work that occurred during COVID-19 pandemic.

Income tax statute providing that, for limited time during COVID-19 pandemic, Ohio workers would be taxed by municipality that was their principal place of work rather than by municipality where they actually performed their work did not violate federal due-process limits on taxation power of the State; due-process jurisprudence did not apply limitation on State's authority to tax out-of-state residents to intrastate taxation.

Income tax statute providing that, for limited time during COVID-19 pandemic, Ohio workers would be taxed by municipality that was their principal place of work rather than by municipality where they actually performed their work did not violate Home Rule Amendment of Ohio Constitution; statute empowered municipality that was not one where employee performed his work to collect tax from that employee while preventing municipality where employee was actually located to collect tax, and General Assembly had power to grant municipalities additional authority and to limit municipality's authority to collect taxes.