

RESOLUTION NO.45 , 2011

**A RESOLUTION OPPOSING ACTION BY THE OHIO GOVERNOR
OR GENERAL ASSEMBLY TO TAKE
MUNICIPAL TAX COLLECTION AND/OR ADMINISTRATION
AWAY FROM MUNICIPALITIES AND CENTRALIZE
SUCH CONTROL WITHIN A STATE AGENCY
OR THIRD-PARTY ENTITY**

WHEREAS, recent communications from Governor John Kasich, Lieutenant Governor Mary Taylor, and Ohio Tax Commissioner Joe Testa have proposed that the State of Ohio Department of Taxation take over collection of municipal income taxes; and

WHEREAS, although the current pending legislation does not provide for the State to take control of municipal income tax collections, State Legislators may be asked to amend the legislation before final consideration and mandate centralized collection by the state; and

WHEREAS, the State of Ohio recently adopted a biennial budget which substantially reduces annual Local Government Fund distributions beginning in 2011 and eliminates Estate Tax revenues to the City of Montgomery beginning 2013; and

WHEREAS, income tax is the largest source of revenue for the City of Montgomery and most other Ohio municipalities; and

WHEREAS, municipalities currently provide the best service and personalized assistance to their taxpayers in all matters related to local income taxes in the most economical cost; and

WHEREAS, municipalities such as the City of Montgomery have a strong record of properly and promptly auditing local tax returns, thus ensuring that all

taxpayers pay their fair share without causing higher costs of compliance for all, and only local municipalities can and will aggressively pursue non-compliant and delinquent taxpayers; and

WHEREAS, the State of Ohio has not demonstrated a strong record of performance related to its currently mandated centralized income tax collections on behalf of local school districts; and

WHEREAS, the City of Montgomery finance staff can perform all functions of local taxation at a lower cost than the state and/or a regional entity as noted within a 2010 study done by Management Partners; and

WHEREAS, the City of Montgomery income tax revenue is received and deposited on a daily basis and the increased timing and distribution of revenue from centralized collection would detrimentally impact the City's cash flow; and

WHEREAS, it is unquestionable that the greatest public accountability exists within the governmental agencies that are closest to the people; and

WHEREAS, taking the authority to collect and administer local income taxes from local governments is an assault on the Home Rule Authority granted by Article XVII of the Ohio Constitution; and

WHEREAS, the City Council does now, and did eight years ago in Resolution 9, 2003, oppose state control of local government earning taxes.

NOW THEREFORE, BE IT RESOLVED, by the Council of the City of Montgomery, Ohio, that:

SECTION 1. This Council does hereby declare its strong opposition to any effort by the State of Ohio to take over the collection and/or administration of municipal income taxes in Ohio.

SECTION 2. Council urges the Governor and the State Legislators to reject and oppose any amendment to pending bills or the introduction of new legislation which proposes to transfer collection and/or control of municipal income taxes to the State of Ohio Department of Taxation or any third party central collection agency, and to recognize the reduced revenue and increased costs centralized income tax collection would have on the City of Montgomery.

SECTION 3. The Clerk of Council is hereby directed to send a copy of this resolution to the Governor, Tax Commissioner, and the members of the State legislature representing the City of Montgomery.

SECTION 4. This Resolution shall be in full force and effect from and after its passage.

PASSED: December 7, 2011

ATTEST: Susan J. Hamm
Susan J. Hamm, Clerk of Council

Ken Suer
Ken Suer, Mayor

APPROVED AS TO FORM:

Terrence M. Donnellon
Terrence M. Donnellon, Law Director