

RESOLUTION NO. 8 , 2013

A RESOLUTION STRONGLY OPPOSING THE PASSAGE OF HOUSE BILL 5 BY THE OHIO GENERAL ASSEMBLY WHICH PROPOSES UNIFORMITY MEASURES FOR MUNICIPAL INCOME TAX IN THE FORM OF UNFUNDED MANDATES AND A SUBSTANTIAL LOSS OF REVENUE

WHEREAS, with support from Representative Grossman, Representative Henne and Representative Barnes, the Municipal Income Tax Uniformity Coalition, headed by the Ohio Society of CPA's, with business community membership including the Ohio Chamber of Commerce, met with members of the Ohio Municipal League and municipal income tax representatives (together "Interested Parties"); and

WHEREAS, the purpose of these Interested Parties' meetings was to achieve consensus on issues regarding municipal income tax uniformity for the inclusion in legislation; and

WHEREAS, municipalities agree that revenue neutral uniformity on issues that will ease compliance burdens for businesses in and potentially locating in Ohio would be of great benefit to all of Ohio; and

WHEREAS, the Coalition has drafted and introduced language that is detrimental to the financial stability of municipalities, will drastically reduce revenue for all municipalities in Ohio, and includes "unfunded mandates" which will cripple the ability for municipalities to provide basic services to residents and resident businesses alike; and

WHEREAS, the recent reduction in the Local Government Fund has resulted in an annual loss of approximately \$150,000 in revenue for the City of Montgomery; and

WHEREAS, the elimination of the Estate Tax will result in a loss of approximately \$1,500,000 in revenue for the City of Montgomery; and

WHEREAS, the accelerated phase-out of promised reimbursement for the loss of revenues due to the repeal of the Tangible Personal Property Tax has resulted in a loss of approximately \$200,000 in revenue for City of Montgomery; and

WHEREAS, the proposals in HB 5 will result in an additional estimated loss of revenue for City of Montgomery; and

WHEREAS, HB 5 includes provisions that require State oversight of municipal income tax administration, administrative policies and procedures for municipal income tax collection and administration that dramatically hamper the ability to administer the tax in an effective manner; and

WHEREAS, the obvious intended long term purpose of HB 5 is State oversight of municipal income tax operations, which could lead to a future push for forced State Centralized Collection of municipal income tax; and

WHEREAS, key pieces of this legislation are clearly an attempt to reduce municipal income tax obligations for businesses by reducing tax liabilities for businesses, which does not change the complexity or add simplicity to the process of filing and paying municipal income tax; and

WHEREAS, municipalities in Ohio, with the support of the Ohio Municipal League, have supported and participated in discussions of uniformity for the past thirteen years, and worked to achieve uniformity in many areas of municipal income tax; and

WHEREAS, each time that uniformity was challenged by a Special Interest group, carve-outs or changes to benefit Special Interests have been put in place by the Ohio General Assembly; and

WHEREAS, municipalities have been responsive in the past to efforts to streamline the rules and regulations and create uniformity in the overwhelming majority of local tax codes creating a streamlined process for all taxpayers; and

WHEREAS, only municipalities can and will provide the personal service and assistance to its taxpayers in the preparation and filing of their tax reports and returns; and

WHEREAS, only municipalities can ensure the prompt and proper auditing of local tax returns to ensure all applicable deductions and declarations are reported, thus also ensuring that all taxpayers pay their fair share without causing higher costs of compliance for all, and must be able to do so without burdensome and costly restrictions included in HB 5 created with the only purpose of restricting municipalities from correcting / auditing returns or making assessments; and

WHEREAS, only municipalities can and will aggressively pursue those non-compliant and delinquent taxpayers who, by their omission or deliberate deceit, drive up the costs of compliance to all; and

WHEREAS, provisions in this bill hamper every municipality's ability to audit and correct municipal income tax returns, to equitably enforce the municipal income tax laws, create increased cost of administration due to burdensome notification requirements, reduce revenue due to "unfunded mandates" and elimination of

compliance processes, and has been crafted as a vehicle to control the administrative process of municipal income tax to the benefit of specific taxpayer interests; and

WHEREAS, municipalities must fight to protect their single largest revenue source, which provides essential municipal services, promoting a positive quality of life that residents and businesses alike rely upon, and any forced reduction in this revenue will have a negative impact on residents and businesses, creating an environment detrimental to retaining and attracting business in Ohio.

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

SECTION 1. This Council does hereby declare its strong opposition to any effort by the Ohio General Assembly to pass legislation that creates “unfunded mandates” and a loss of revenue under the guise of municipal income tax uniformity.

SECTION 2. This Council urges its state legislators to reject HB 5, and any amendment to pending bills and opposes the introduction of new legislation that proposes to reduce municipal income tax revenue to municipalities in Ohio.

SECTION 3. The proposal by the bill Sponsors (Representative Grossman, Representative Henne) flies in the face of its own stated goals and objectives to achieve a consensus among Interested Parties to the municipal income tax issue, and clearly caters to the requests of the membership of the Coalition, which are all Special Interest Groups.

SECTION 4. The Ohio General Assembly should request the drafting of legislation that would address the multitude of issues that were agreed upon as a result of the Interested Parties meetings, which will bring uniformity to areas including (but not

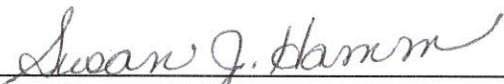
limited to) due dates for estimated tax payments, due dates of withholding payments, due dates and procedures for extension request filings, due dates for annual Reconciliation of Returns, all of which will simplify the compliance process for businesses and individuals alike.

SECTION 5. The Ohio General Assembly should focus on restoring previous funding levels to the Ohio Business Gateway and focus on correcting its multitude of programming problems and customer service issues to make that tool less cumbersome, more useful and relevant to municipalities, businesses, and individuals as a simple, generic, one-stop method of filing local business income tax returns in one location.

SECTION 6. Members of the Ohio House and Senate should engage in constructive dialogue with local officials to gain consensus on correction of the perceived issues of potential revenue-neutral commonality and uniformity in those few remaining differences in municipal income tax provisions.

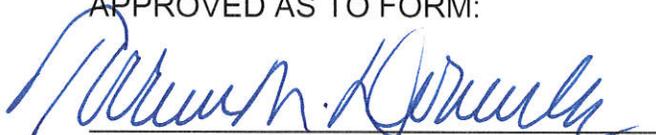
SECTION 7. This Resolution shall be in full force and effect from and after its passage.

PASSED: March 6, 2013

ATTEST: 
Susan J. Hamm


Ken Suer, Mayor

APPROVED AS TO FORM:


Terrence M. Donnellon, Law Director