CITY OF DUBLIN.

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Clerk of Council
Anne C. Clarke

November 6, 2013

The Honorable Peter Beck and Members of the Committee
Ohio House of Representatives
77 South High Street FL 14
Columbus, Ohio 43215

Chairman Beck and Members of the Committee,

Substitute House Bill No. 5, as recently introduced, is legislation which does not address the impact it will have on the major source of revenue of Dublin as well as other cities and villages in Ohio. Therefore, we wish to express our opposition to this bill in its current form. While uniformity in municipal tax codes is a desired goal, it must not be achieved when it causes additional revenue losses. Reductions in this vital revenue stream will hinder the ability to retain current businesses and to attract new businesses to our communities which benefits all of Ohio. However, we do believe it is possible to create a bill that achieves uniformity and a state-wide municipal coalition has drafted such a bill that would achieve uniformity and, we believe, would benefit both businesses and cities.

While there are some positive uniformity issues in this bill, there are six (6) major issues that would have the greatest negative impact on all municipalities.

Supplemental Employee Retirement Programs (SERP) – Substitute HB 5 changes this income from taxable to non-taxable. This item is currently being litigated in the Court of Appeals and no action should be taken until all appeals have been exhausted.

Pass-through offset of income for resident individuals – Substitute HB5 permits the offset of all sources of gains and losses regardless of where the gains and losses were incurred. This permits losses in one community (for which you might not ever receive tax on the income) to offset income in the resident city (where income was earned). It does not offer the same treatment for non-residents who might have both a gain and a loss in a community.

Consolidated Returns – Allowing taxpayers to have the ability to opt-out of the requirement for filing a consolidated return after a five (5) year period but not allowing the municipality the same right removes local control in addition to the loss of revenue.

Net Operating Loss Carry-Forward (NOL) – Substitute HB5 mandates that all municipalities allow a five year NOL. This, coupled with the offset of all sources of gains and losses, creates a reduction in revenue even in cities that currently allow a five year NOL.

Twelve-day Occasional Entrant Rule – Non-resident employers would avoid withholding local taxes on employees working in a city for 20 or fewer days (this equates to a typical month of work inside the city).

Assessment and Appeals Procedures – Increases the amount of correspondence that would be required to be sent Certified Mail at the current rate of $6.11/each. Currently, only final notices are sent Certified Mail and include information informing the taxpayer of their right to appeal.

We concur that a uniform municipal tax code would help simplify a complex process but it needs to be as revenue neutral as possible. It is the largest source of revenue for cities and villages and must be preserved to continue to provide the services our corporate citizens and our residents deserve. We are willing to continue working to develop a uniform bill that will reduce compliance costs for businesses and not generate additional revenue losses for municipalities.

Respectfully,

Timothy A. Lecklider

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