



FOR IMMEDIATE RELEASE

PRESS RELEASE

CONTACT: Kent Scarrett
OML Director of Communications
(614)221-4349

**Ohio Municipal League OPPOSES HB5/Municipal Income Tax
Uniformity Bill-This Is Not A Compromise**

January 30, 2013- Today, Ohio Municipal League Executive Director Susan Cave expressed extreme disappointment in the introduction of House Bill 5, legislation sponsored by House Majority Whip Cheryl Grossman (R-Grove City) and Representative Mike Henne (R-Vandalia). HB 5 is a reintroduction of HB 601 from the previous General Assembly, addressing the same areas of municipal tax practices, in the same manner that will result in tremendous hardships through significant reductions in revenues and loss of critical local control, for Ohio cities and villages.

The legislation is the product of nearly two years of meetings initiated by Representatives Grossman and Henne, with OML staff, statewide municipal officials and representatives of business and tax preparing organizations. These interested party meetings began as an attempt to reach areas of compromise and solutions to current areas of municipal income tax procedures that are not uniform statewide among some municipalities.

“Let there be no mistake, our members are all for greater uniformity in the administration of the municipal income tax. To that end, we entered into marathon negotiations sessions with the Sponsors and coalition representatives, in good faith with groups wanting to change the way our local taxes operate. What is the product from these discussions obviously, in no-way, reflects what we would consider to be a responsible approach to achieve balanced uniformity, with revenue impacts to local revenues kept to a minimum,” Director Cave shared.

House Bill 5 includes many areas that would result in significant reductions in municipal income tax revenues. There are several topics that have been a constant source of discussion with members of the Municipal Income Tax Uniformity Coalition (MITUC), the group representing 22 statewide special interest organizations seeking these changes in Ohio statute. These subjects that have been clearly explained to lobbyists and legislators alike are areas that would result in tremendous loss of revenue if not handled in a balanced manner. “The league even offered compromise language that achieves uniformity while attempting to be as revenue neutral as possible, but we see now those attempts have been rejected.” Director Cave said. Those areas of massive revenue loss are now part of HB 5 but without any consideration to protecting local revenues. These include forcing an unfunded mandate on over 200 municipalities requiring them to administer a 5 year net operating loss carry-forward policy for individuals and business filers, changing the rules for determining and enforcing residency requirements, severely restricting the ability of municipalities’ enforcement efforts, prohibiting current tax practices of communities ability to apply their municipal income tax to a whole segment of commerce within their boundaries, and the list goes on. “For a number of our municipalities, the loss of revenue will reach into the millions of dollars, if this legislation were to be enacted,” Cave explained.

“Our municipalities are trying to adjust to reductions in funding that were part of the last state budget through cuts to the Local Government Fund, an accelerated phase-out of promised Tangible Personal Property (TPP) reimbursements and eliminating the Estate Tax. To continue to assault the ability of municipalities to provide services to residents and businesses, just doesn’t make sense”, Cave continued. “We are hopeful that members of the General Assembly will agree with us that strong communities are vital right now for the economic strength of all of Ohio and creating safe environments for families in which to live. This is not the time to gut city and village budgets.”