



Ohio Municipal League

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PRESS RELEASE

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OHIO MUNICIPAL LEAGUE VOICES STRONG OPPOSITION TO MUNICIPAL TAX/BUDGET AMENDMENT

(Columbus, Ohio) Ohio Municipal League Executive Director Susan Cave announced today the league's strong opposition for legislative language that was included in the 660 page omnibus amendment that was offered and incorporated into HB59, the state biennial budget bill, Tuesday afternoon.

The language that was adopted as part of the budget bill would restrict municipalities' current and uniform ability to apply the municipal income tax to earned income generated through a Supplemental Executive Retirement Plan (SERP) compensation package. The effects of the legislative rider added to the budget bill would prohibit municipalities from including such types of non-qualified deferred compensation in the municipal tax base. This change would put municipal tax practices at odds with the State of Ohio and federal treatment of the same source of earned income.

"It is more than a little troubling that the Ohio House saw fit to include this onerous and source of significant loss in revenue on our municipal budgets statewide.", Director Cave said. "The league and a delegation team of municipal officials have been working on HB5, the municipal income tax uniformity bill for over two years and not once has this issue been presented as a source of difficulty to tax preparers or taxpayers alike. Hiding this clear special treatment for a "favored" subgroup of Ohio residents smacks of unfairness and irresponsibility as we work to achieve a more equitable tax system, on the local level" Cave added.

As the Legislative Service Commission (LSC) synopsis details in explaining what SERP is and the effects of the language which is located at the bottom of the draft amendment language, a "SERP" is a nonqualified deferred compensation retirement plan that is subject to federal tax practice and are "...nonqualified in the sense that they do not receive the favorable tax treatment that qualified plans receive, which depends on, among other things, not discriminating in favor of highly paid employees."

At a time when HB5, the municipal income tax “uniformity” bill, has been introduced and hearings are rumored to resume next week in the House Ways and Means Committee, the OML Board of Trustees and members are more than perplexed as to why this recommendation to alter a current municipal tax treatment is not part of that discussion but rather buried in a 4,000+ page budget bill.