

Dear [INSERT LEGISLATOR NAME];

We write today in opposition of the Governor's proposal to institute a state-operated central-collection program for the Ohio municipal income tax. We also voice opposition of the proposed elimination of the uniformly applied "throwback" rule.

Municipalities have faced an array of financial challenges in recent years. State policy changes have meant reduced revenue through a variety of cuts. The Local Government Fund was slashed approximately in half in 2011, followed swiftly by the elimination of the estate tax and the tangible property tax.

For the vast majority of cities and villages, their financial bedrock is the municipal income tax. With the passage of HB 5 in 2014, alterations to the structure of the municipal income tax is estimated to cause a further loss of revenue and increased financial strain. The impacts of the changes to the municipal tax won't be fully realized until after this tax filing season.

The Governor's proposal of instituting centralized collection will only increase the financial burdens shouldered by municipalities by further reducing revenue and by effectively severing municipalities from their financial lifeblood. Quarterly distributions would severely damage cities' and villages' ability to meet the daily challenges of both typical and unforeseen financial obligations.

There is also the grave concern regarding local communities' inability to audit and enforce accurate filings and correct returns. Centralized collection offers zero accountability in ensuring the state returns the correct amount of revenue back to the municipality.

The other financially dangerous proposition in the Governor's budget is the elimination of the "throwback" rule. This rule ensures sales tax on a product manufactured in one municipality and delivered in another are "thrown back" to the municipality of origin. A 2011 sampling of just 12 Columbus businesses showed an elimination of this provision would have meant a staggering loss of over \$500,000. The loss of this revenue would be virtually crippling to many municipalities.

We respectfully ask that you consider our strong objections to these proposals and that you stand with municipalities as the economic engines of our state. We ask that you oppose these proposals and vote instead to strengthen and invest in our local communities for a safer, stronger, more prosperous Ohio.

Sincerely;