



Legislative Bulletin

June 20, 2017

OHIO SENATE REVEALS FINAL SENATE PACKAGE FOR BUDGET BILL

The Senate has unveiled its omnibus amendment to the state operating budget bill this afternoon. This is the final round of changes the Senate will make to the bill, save for any floor amendments the Senate may accept, before sending Sub. HB 49 to the House for consideration. It is expected that the House will not accept the bill and will convene in a conference committee, where the final touches will be made to the bill before it is sent to Gov. Kasich.

The central municipal income tax issues adopted by the Senate last week remain in the budget. To recap:

Alternative language now in the budget would allow the Ohio Department of Taxation to, among other things, charge municipalities a 1% service fee for future filings of municipal net profit tax made through the state central collection portal, the Ohio Business Gateway (OBG), beginning January 1, 2018. This language preserves all the challenges we've covered in previous explanations on why this is harmful for municipalities.

Language added in the omnibus amendment is merely clarifying language and will do the following:

- Require the Tax Commissioner to provide municipalities with certain information about taxpayers filing returns with the Tax Commissioner in May and November of each year, not March.
- Require the Tax Commissioner to provide municipalities with Federal tax identification number in addition to the name of each taxpayer that makes estimated tax payments with the Commissioner.
- Clarify that the Commissioner may not provide taxpayer information to any municipal employee other than employees designated to receive such information by the municipality.
- Add language stating that nothing in the Municipal Income Tax Law prohibits a municipality from filing a writ of mandamus if the municipality believes the Commissioner has "violated the Commissioner's fiduciary duty" in administering the municipality's tax.
- Make changes to the documentation requirements for taxpayers that claim a job creation or job retention credit against their municipal income tax liability.

Additional amendments clarify a provision that requires the Commissioner issue a refund only if the amount overpaid is more than \$10 by specifying that the limit applies to the amount overpaid with each return or assessment, and the other makes a technical change to a provision that allows municipalities to provide job creation and retention tax credits to businesses that file through the Tax Commissioner.

The elimination of the "throwback" provision also remains, which essentially eliminates the municipal "throwback" provision from being applied, depriving cities and villages across the state of more tax revenue, and continuing the financial instability upon Ohio's hometowns and economic engines.

There are three other issues in the budget that affect municipal revenues across the state:

- The closure of the Local Government Innovation Fund program and the transfer of any unencumbered monies from that program to the GRF.
- The projected reduction in the LFG of \$90 million dollars due to the revenue shortfalls the state has experienced. Those cuts to the GRF translate into cuts in the LGF.
- The redirection of \$35 million from Municipal Supplemental Distribution Fund, which is allocated to those municipalities that levy an income tax, towards efforts that combat opioid addiction throughout the state.

Here is a list of the rest of the amendments in the omnibus that affect municipalities:

- Removes option to appeal decision of Board of Tax Appeals directly to the Ohio Supreme Court, limiting those appeals to the court of appeals.
- Creates civil liability for employers who adopt or enforce a police prohibiting concealed carry licensees from transporting or storing a firearm or ammunition in the person's privately-owned motor vehicle.
- Removes Senate-added provision requiring Ohio Peace Officer Training Commission to reimburse for continuing professional training programs.
- Authorizes use of an electronically powered personal delivery device on sidewalks and crosswalks.
- Removes portions of language related to areawide waste treatment management planning.

Finally, while OML is grateful the Senate's sub bill removed the preemption of local lead laws, the unitization of municipal corporations with oil and gas reserves and the area waste treatment management planning language, we continue to ask that the provisions that would redirect \$24 million in LGF dollars from municipalities to townships and small villages be removed, as well as the preemption of local water ordinances that would prevent certain municipalities from charging what they deem an appropriate fee for water and wastewater services to surrounding communities.