

Bill to streamline municipal tax collection is full of special-interest goodies: editorial



By [The Plain Dealer Editorial Board](#)

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[View full size](#) Bay Village Mayor Debbie Sutherland takes a dim view of House Bill 5.

Municipal income taxes are vital to the Ohio cities and villages that collect them. But for too many Ohioans, and too many businesses, filing and paying those taxes is more complex than it should be.

This year's Statehouse bid to smooth and systematize municipal income taxes, [House Bill 5](#), is well-intended. And the bill is a great improvement over a "central collection" plan that died last year.

But HB 5 has way too little input from Ohio cities and villages -- and way too much input from Statehouse lobbyists.

It needs to be rethought and redrafted.

To be sure, Ohio municipalities that charge income taxes want a less complex (and lower-cost) mechanism to collect them.

But on the evidence to date, HB 5 -- backed by a **Municipal Tax Reform Coalition** composed of a score or more business lobbies and the **Ohio Society of CPAs** -- goes well beyond that.

And what the bill's backers portray as consultation, city and village officials characterize as dictation. According to the Ohio Municipal League, which represents the state's cities and villages, House Bill 5 is anything but a compromise.

In a meeting with Plain Dealer editors, Bay Village Mayor Debbie Sutherland, a Republican who was recruited to consult in the drafting of the bill, likened it to being invited to a dinner without food or even utensils. She said it was one of the most frustrating experiences of her 17 years in politics.

Moreover, those promoting the bill appear to understate cities' potential revenue losses if HB 5, as now drafted, becomes law. On top of that, the bill includes several narrowly tailored provisions that would benefit select vocations or undertakings -- put plainly, special interests. That is not the same as ironing out procedural kinks in the status quo.

House Bill 5, as it stands, presents three overarching problems. The first, as noted, is lack of real give-and-take with cities and villages that charge income taxes. The second, just as important, is that Gov. John Kasich's 2011-2013 budget, approved by the General Assembly, slashed state aid to local governments. It's hardly fair for the state, on the one hand, to cut funding to cities and villages while, on the other, limiting their flexibility to marshal local resources to replace lost state money.

The third problem, most potent of all, is that HB 5, if it becomes law as is, would further damage the home-rule rights of municipalities. At the behest of Statehouse lobbies, the General Assembly has already driven hole after hole into the Ohio Constitution's promise of city and village home rule. Enough is enough.

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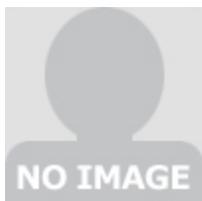


CommonSense

Who would you trust more for objective insight, the members of the Ohio Society of CPAs or an elected politician? The PD misses badly on this editorial. Frankly, if self interest was their emphasis, CPAs would want to continue the current, obsolete system because it creates more work for their profession. This is another example where elected officials need to put 110% of their focus on reducing the cost to deliver their service, not try to cling to "their" revenue. It takes real leaders but it can be done.

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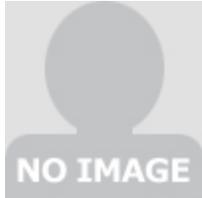


camel12345

Why can other states have simpler ways of collecting local taxes and Ohio not be able to? This is something that the PD needs to investigate.

Yesterday

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matadors-cape

The present city income tax system is not as complex as many claim. There are only two types of forms used here in Ohio...the CCA type and the RITA type. On the surface they appear to be miles apart.

In the CCA version the credit the residence city gives to the tax paid to the work city is based on the tax that "should have" been paid as evidenced by the work city's tax rate given the the published tables.

In the RITA version the credit the residence city gives to the tax paid to the work city is based on the tax "actually paid" as evidenced by the withheld number on the w-2 form.

You can create a spreadsheet that calculates both tax methods at the same time for comparison purposes. Differences, if any are due to rounding errors.

I do not see any major problem here. If the status quo is working do not touch it. We make too many laws, esp tax laws.

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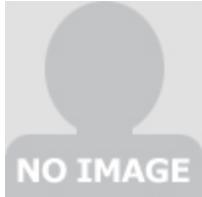
CommonSense

By itself it may not be a huge burden but for a small business, lets say a plumber, it is an additional compliance cost and it could be a reason not to expand and add a truck

and a staff member. Maybe not a headline grabber but it ultimately leads to reduced economic activity which hurts everyone. It is what we see nationally...a lot of challenges to our country go away if the economy grows at 3.5% vs 1.5%.

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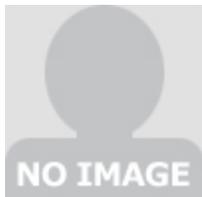


ultra51

It would seem that, if the proposed system of standardizing tax collection would result in a loss of tax revenue for a city, the city could cure that problem by adjusting the tax rate.

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Or better yet, adjusting their expenditures downward.

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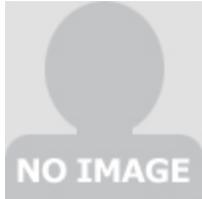
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lamerism

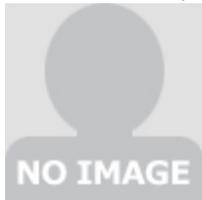
There you go again.

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david44149

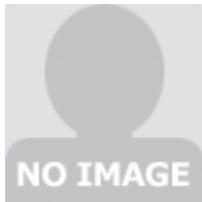
RITA ia one of the worst entities in the public or private sectors that I have ever encountered, and I would love to see it killed, but it still looks better then HB 5.



CitizenD likes this.

2 Days Ago

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CitizenD

Enough with all the taxes you corrupt bastards. Wierd how most other states dont have 50 different state, city, regional ... taxes but manage just fine.

2 Days Ago

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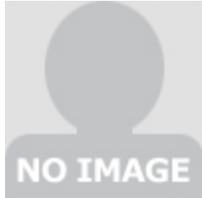


david44149

Then have the state collect enough to do the job of paying for everything. They can either distribute the money to the local governments or abolish them as they seem wont to do. After the state has starved local governments for decades, you cannot complain if they seek alternatives.

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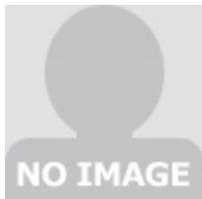


CitizenD

lol, they are not starved, just poorly run, if they didnt promise crazy benefits to people they would have all the money they need.

2 Days Ago

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Basement Dweller

Will HB 5 becomes the new SB 5.

The bill gets passed by the Republican majority and citizens gather enough signatures to get it on the ballot where it is repealed.



david44149 likes this.

2 Days Ago

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lamerism

Your Democrat Representative John Barnes supports the bill and he spent his entire career in the Tax System.

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