



Regional Communities Unite to Voice Concerns Over House Bill 5 - Income Tax Uniformity

Release Date: Tuesday, March 5, 2013

In a show of non-partisan support, elected and administrative leaders representing 33 regional governments today voiced their concerns over House Bill 5, saying the proposed legislation to create income tax uniformity in Ohio would result in the loss of millions of dollars for local communities. As an alternative, the diverse group of area mayors, council members and managers outlined recommended changes to the current Bill that would be revenue neutral for local governments while still satisfying business concerns.

HB 5 is designed to standardize diverse income tax reporting requirements that can be cumbersome for businesses operating in multiple jurisdictions across the state. (The bill is not intended to make all income tax *rates* the same.) However, local leaders contend HB 5 would have serious consequences for cities throughout Ohio by limiting local control over taxation, reducing revenues, and increasing administrative costs.

Jack Jensen, Executive Director of the Dayton First Suburbs Consortium, said, "HB 5 would cause a significant loss of revenue for our member cities and cities and villages throughout Ohio at a time when they are already stressed. Our member cities fully support municipal income tax uniformity that is 'revenue neutral'. HB 5 falls far short of that objective."

The following illustrates a conservative estimate of annual revenue loss by a sampling of regional cities if HB 5 is adopted:

Centerville	\$728,000
Dayton	\$2,415,000
Huber Heights	\$975,000
Kettering	\$600,000
Oakwood	\$436,000
Trotwood	\$704,000
Troy	\$750,000
West Carrollton	\$425,000

Rap Hankins, Vice-Mayor of Trotwood, said, "Trotwood stands to lose over \$700,000 annually if HB 5 became law. The only way to offset that big a loss without raising taxes would be to reduce the city work force by six to seven employees. That kind of reduction would significantly impede our ability to provide critical services to our residents."

(MORE)

Patrick Titterington, Director of Public Service & Safety for the City of Troy, said, “The impact of HB 5 would be devastating for Troy, particularly since we are still trying to absorb the impact of the confiscation of over \$1 million by the State of Ohio. The loss of Local Government Funds and other essential annual revenue sources has meant fewer non-safety services. However, even by our most conservative estimates, HB 5 will cost Troy at least \$750,000 per year, which will mean the layoffs of up to nine police officers, paramedic firefighters, and other essential safety personnel.”

Dayton City Manager Tim Riordan noted that regional governments have come together to offer alternative language to make HB 5 more balanced. (See attached summary of recommendations and list of supporting regional communities.)

“More than 30 communities from seven surrounding counties worked together over the past year to develop a business friendly, revenue neutral way to achieve income tax uniformity in response to concerns raised by Ohio businesses,” Riordan said. “We encourage State legislators to review our recommendations as they consider the full financial consequences of HB 5.”

Oakwood Mayor Bill Duncan said, “Our goal in convening public and private sector people from the Dayton area was to brainstorm a new approach to income tax uniformity that eliminates the burden for businesses *without* reducing revenues or service delivery capabilities for local governments.”

The group said citizens can help amend House Bill 5 by contacting their local State representative or the Bill’s sponsors and urging them to adopt the Dayton area recommendations to ensure revenue neutrality.

House Bill 5 Sponsors:

Rep. Cheryl L. Grossman
District 23
77 S. High St
14th Floor
Columbus, OH 43215
Phone: (614) 466-9690
Fax: (614) 719-6962
<http://www.ohiohouse.gov/cheryl-l-grossman/contact>

Rep. Michael Henne
District 40
77 S. High St
13th Floor
Columbus, OH 43215
Phone: (614) 644-8051
Fax: (614) 719-3590
<http://www.ohiohouse.gov/michael-henne/contact>

Municipal Income Tax Collections Dayton Mayors and Managers Association

The items below comprise a significant business friendly step forward to make more uniformity in municipal income taxes. The items below also accomplish revenue neutrality for local government.

1. DUE DATES

Make all municipal return filings consistent with federal due dates.

2. EMPLOYER WITHHOLDING

Withholding frequencies and thresholds will be made uniform, same as HB 601.

3. ONE COMMON FORM

All municipalities will accept a common income tax form for filing annual return both for individuals and businesses.

4. PASS THROUGH ENTITIES AND S CORPORATION DISTRIBUTIVE SHARES

Requires the pass-through entities and S Corporations to report and file tax at the entity level on behalf of partners, owners and other members. The partners, owners and other members would be required to report pass through activity on their residency return, and credit would be permitted, subject to each municipality's credit limitations.

5. UNREIMBURSED BUSINESS EXPENSES

Unreimbursed employee expenses will not be permitted as a deduction on the municipal income tax return. Same as HB 601.

6. EXTENSION REQUESTS

Filing a federal extension will serve as automatic extension to the local return. A copy must be attached when filing the local return. The Tax Administrator will have the ability upon the return of the extended return to deny such an extension should a delinquency exist on the taxpayer account.

7. 12-DAY RULE

Will remain a 12-day rule, however language shall be extended to include the definition of a "day" as the location at which the "preponderance" of the employees day, when working in multiple jurisdictions.

8. QUALIFYING WAGES

Third party sick pay, included in qualified wages, is taxable and subject to withholding.

9. NET OPERATING LOSS CARRY FORWARD

A municipal corporation may allow a Net Operating Loss Carry Forward for a period of zero, one, three, or five years.

10. MINIMUM TAX LIABILITY/ REFUND

If the taxpayer has a final tax liability or overpayment / refund of \$5.00 or less, the amount will not be collected or refunded / carried forward. A tax return will still be required to be filed.

11. LOTTERY/ GAMBLING/ GAMES OF CHANCE

All municipalities would tax lottery, gambling, games of chance by the jurisdiction in which the player purchased/ won. Winner would also be required to report winnings on municipal return and pay any applicable taxes to the resident City.

12. MINIMUM AGE FOR EARNED WAGES

No age limits for qualifying wages earned.

13. DOMICILE

Domicile for purposes of municipal income tax will be defined, using IRS standards of "intent to return" with clarification.

14. BOARD OF TAX APPEALS

A three member panel comprised of citizen-appointees who are domiciled within the municipality, and may not be employees of the municipal jurisdiction.

15. WEBSITE INFORMATION REQUIREMENTS

The municipality shall post on their website (or the State's site if the municipality does not maintain a website) the section of the ORC 718 which explains a taxpayer's right to appeal a decision of the Tax Administrator. Also posted will be the Ordinance, Rules and Regulations, and tax forms for the municipality. The site shall state that a generic format will be accepted for the filing of any return with the municipality.

16. RENTAL PROPERTY REPORTED BY INDIVIDUALS

Reporting will be based on property location; common expenses will be allocated to the property where it is located and based on gross receipts allocated to multiple jurisdictions.

17. REPORTING BY REALTORS

Realtors shall be taxed based on location of property sold.

18. RECONCILIATION OF RETURNS

Employers who withhold local income tax for employees will submit/ file the annual Reconciliation of Returns and employee W-2 forms for the previous calendar year on or before February 28th of each year.

19. ALTERNATIVE ASSESSMENT PROCEDURE

Permits a third party administrator the ability to file legal action at the local municipal court and to establish an alternative procedure for pursuing a delinquency, based on the State Tax Commissioner's collection and assessment process.

20. INNOCENT SPOUSE RELIEF

Permits the separation of a joint return filing, similar to federal IRS requirements, in the case of death or divorce.

21. STATUTE OF LIMITATIONS

Language will be drafted to permit the freezing or tolling of the statute of limitations for pursuing the collection of an outstanding balance due or for the filing of a return through the duration of an appeals or legal or judicial process.

**Southwest Ohio Uniform Income Tax Proposal Request For Resolutions of Support
November 20, 2012**

	County	Contact	Position	Municipality	Address 1	Address 2	City	Zip	Letter Sent	In Prog	Passage	Pop.
1.	Athens	Mr. Paul Wiehl	Mayor	City of Athens	8 E. Washington St.		Athens	45701			Jul 16	23832
2.	Butler	Mr. Joshua Smith	City Manager	City of Hamilton	345 High St.		Hamilton	45011	6/19		Jul 25	62477
3.	Butler	Ms. Judy Gilleland	City Manager	City of Middletown	One Bonham Plaza		Middletown	45042	6/19		Jul 17	48694
4.	Butler	Mr. Douglas Elliott, Jr.	City Manager	City of Oxford	101 E. High St.		Oxford	45056	6/19		Jul 17	21371
5.	Clark	Ms. Kimberly Jones	City Manager	City of New Carlisle	331 S. Church St.	P.O. Box 419	New Carlisle	45344	6/19		Jul 2	5785
6.	Clark	Mr. Jim Bodenmiller	City Manager	City of Springfield	76 E. High St.		Springfield	45502	6/19		Jul 17	60608
7.	Darke	Mr. Mike Bowers	Mayor	City of Greenville	100 Public Square		Greenville	45331	**Yes		Aug 21	13227
8.	Greene	Ms. Deborah McDonnell	City Manager	City of Fairborn	44 W. Hebble Ave.		Fairborn	45324	*Yes		Jul 16	32352
9.	Greene	Ms. Laura Curless	Village Manager	Village of Yellow Springs	Bryan Community Center	100 Dayton St.	Yellow Springs	45387	6/19		Aug 6	3487
10.	Miami	Mr. Jon Crusey	City Manager	City of Tipp City	260 S. Garber Dr.		Tipp City	45371	*Yes		Aug 6	9689
11.	Miami	Mr. Patrick Titterington	City Manager	City of Troy	100 S. Market St.		Troy	45373	*Yes		Jul 2	25058
12.	Miami	Mr. Matt Kline	City Manager	City of West Milton	701 S. Miami St.		West Milton	45383	6/19		Jul 10	4630
13.	Mont	Mr. John Wright	City Manager	City of Brookville	301 Sycamore St.		Brookville	45309	*Yes		Aug 7	5884
14.	Mont	Mr. Greg Horn	City Manager	City of Centerville	100 W. Spring Valley Rd.		Centerville	45458	*Yes		Jun 18	23999
15.	Mont	Mr. David Rowlands	City Manager	City of Clayton	P.O. Box 280		Clayton	45315	*Yes		Nov 15	13209
16.	Mont	Mr. Tim Riordan	City Manager	City of Dayton	101 W. Third St.	P.O. Box 22	Dayton	45402	*Yes		Jul 11	141527
17.	Mont	Mr. Eric A. Smith	City Manager	City of Englewood	333 W. National Rd.		Englewood	45322	*Yes		Jun 26	12500
18.	Mont	Mr. Tom Sears	Village Administrator	Village of Farmersville	44 Maple St.		Farmersville	45325	*Yes		Sep 10	1009
19.	Mont	Ms. Annie Sizemore	City Manager	City of Germantown	75 N. Walnut St.		Germantown	45327	*Yes		Jul 16	5547
20.	Mont	Mr. Jim Borland	City Manager	City of Huber Heights	6131 Taylorsville Rd.		Huber Heights	45424	*Yes		Jul 23	38101
21.	Mont	Mr. Mark Schwieterman	City Manager	City of Kettering	3600 Shroyer Rd.		Kettering	45429	*Yes		Jul 24	56163
22.	Mont	Mr. Keith Johnson	City Manager	City of Miamisburg	10 N. First St.		Miamisburg	45342	*Yes		Aug 21	20181
23.	Mont	Mr. David Hicks	City Manager	City of Moraine	4200 Dryden Rd.		Moraine	45439	*Yes		Jul 12	6307
24.	Mont	Mr. George Markus	Municipal Manager	Village of New Lebanon	198 S. Clayton Rd.		New Lebanon	45345	*Yes		Jul 17	3995
25.	Mont	Mr. Norbert Klopsch	City Manager	City of Oakwood	30 Park Ave.		Dayton	45419	*Yes		Jul 16	9202
26.	Mont	Mayor Myers		Village of Phillipsburg	10868 Brookville-Phillipsburg Rd.	P.O. Box 172	Phillipsburg	45354	*Yes		Jul 24	557
27.	Mont	Mr. Bryan Chodkowski	City Manager	City of Riverside	1791 Harshman Rd.		Riverside	45424	*Yes		Jul 5	25201

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28.	Mont	Mr. Mike Lucking	City Manager	City of Trotwood	3035 N. Olive Rd.		Trotwood	45426	**Yes		Sep 4	24431
29.	Mont	Mr. John Applegate	City Manager	City of Union	118 N. Main St.		Union	45322	**Yes		Jul 9	6419
30.	Mont	Mr. Rob Anderson	City Manager	City of Vandalia	333 Bohanan Dr.		Vandalia	45377	**Yes		Jul 16	15246
31.	Mont	Mr. Brad Townsend	City Manager	City of West Carrollton	300 E. Central Ave.		West Carrollton	45449	**Yes		Jun 26	13143
32.	Warren	Ms. Sherry Callahan	Village Administrator	Village of Carlisle	760 W. Central Ave.		Carlisle	45005	**Yes		Jul 24	4915
33.	Warren	Ms. Christine Thompson	City Manager	City of Springboro	320 W. Central Ave.		Springboro	45066	**Yes		Aug 2	17409

Population Represented: **756,155**