

RESOLUTION NO. R-20-13

A RESOLUTION OPPOSING THE PASSAGE OF HB 5 BY THE OHIO GENERAL ASSEMBLY WHICH PROPOSES UNIFORM MEASURES FOR MUNICIPAL INCOME TAX IN THE FORM OF UNFUNDED MANDATES AND A POTENTIAL SUBSTANTIAL LOSS OF REVENUE AND DECLARING AN EMERGENCY

WHEREAS, on Tuesday, October 11, 2011, the Council, by a unanimous vote, adopted resolution No. R-19-11, in opposition to the State of Ohio assuming control of municipal income tax collection; and

WHEREAS, on Tuesday, December 27, 2011, the Council, again by a unanimous vote of the members present, adopted a second resolution, No. R-22-11, in opposition to the State of Ohio assuming control of municipal income tax collection; and

WHEREAS, now, Representatives Grossman, Henne and Barnes have proposed House Bill 5, legislation that without mentioning centralized municipal income tax collection does present problems for municipalities in the administration of their income tax law; and

WHEREAS, the Municipal Income Tax Uniformity Coalition, headed by the Ohio Society of CPA's, with business community membership including the Ohio Chamber of Commerce, with support from Representative Grossman, Representative Henne and Representatives Barnes, met with members of the Ohio Municipal League and municipal income tax representatives; and

WHEREAS, the purpose of these Interested Parties meetings was to achieve consensus on issues regarding municipal income tax uniformity for the inclusion in legislation; and

WHEREAS, municipalities agree that revenue neutral uniformity on issues that will ease compliance burdens for businesses in and potentially locating in Ohio would be of great benefit to all of Ohio; and

WHEREAS, the Coalition has drafted and introduced language that may be detrimental to the financial stability of municipalities, and includes "unfunded mandates" which will cripple the ability for municipalities to provide basic services to residents and resident businesses alike; and

WHEREAS, the recent reduction in the Local Government Fund has resulted in a loss of \$167,000 in revenue for the City of Avon; and

WHEREAS, the elimination of the Estate Tax will result in an average annual loss of \$200,000 in revenue for the City of Avon; and

WHEREAS, the accelerated phase-out of promised reimbursement for the loss of revenues due to the repeal of the Tangible Personal Property Tax has resulted in a loss of \$82,000 in revenue for the City of Avon; and

WHEREAS, HB 5 includes provisions that require State oversight of municipal income tax administration, administrative policies and procedures for municipal income tax collection and administration that dramatically hamper the ability to administer the tax in an effective manner; and

WHEREAS, the obvious intended long term purpose of HB 5 is State oversight of municipal income tax operations, which could lead to a future push for forced State Centralized Collection of municipal income tax; and

WHEREAS, key pieces of this legislation are clearly an attempt to reduce municipal income tax obligations for businesses by reducing tax liabilities for businesses, which does not change the complexity or add simplicity to the process of filing and paying municipal income tax; and

WHEREAS, municipalities in Ohio, with support of the Ohio Municipal League, have supported and participated in discussions of uniformity for the past thirteen years, and worked to achieve uniformity in many areas of municipal income tax; and

WHEREAS, each time that uniformity was challenged by a Special Interest group, carve-outs or changes to benefit Special Interests have been put in place by the Ohio General Assembly; and

WHEREAS, municipalities have been responsive in the past to efforts to streamline the rules and regulations and create uniformity in the overwhelming majority of local tax codes creating a streamlined process for all taxpayers; and

WHEREAS, only municipalities can and will provide the personal service and assistance to its taxpayers in the preparation and filing of their tax reports and returns; and

WHEREAS, only municipalities can ensure the prompt and proper auditing of local tax returns to ensure all applicable deductions and declarations are reported, thus also ensuring that all taxpayers pay their fair share without causing higher costs of compliance for all, and must be able to do so without burdensome and costly restrictions included in HB 5 created with the only purpose of restricting municipalities from correcting/auditing returns or making assessments; and

WHEREAS, only municipalities can and will aggressively pursue those non-compliant and delinquent taxpayers who, by their omission or deliberate deceit, drive up the costs of compliance to all; and

WHEREAS, provisions in this bill hamper every municipality's ability to audit and correct municipal income tax returns, to equitably enforce the municipal income tax laws, creates increased cost of administration due to burdensome notification requirements, reduces revenue due to "unfunded mandates" and elimination of compliance processes, and has been crafted as a vehicle to control the administrative process of municipal income tax to the benefit of specific taxpayer interests; and

WHEREAS, municipalities must fight to protect their single largest revenue source, which provides essential municipal services, promoting a positive quality of life that residents and businesses alike rely upon, and any forced reducing in this revenue will have a negative impact on residents and businesses, creating an environment detrimental to retaining and attracting business in Ohio.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVON, COUNTY OF LORAIN AND STATE OF OHIO:

Section 1 - The City of Avon, by and through its Council, and for the reasons set forth above, strongly opposes the passage of House Bill 5 currently pending before the Ohio Legislature.

Section 2 - That the Ohio General Assembly should request the drafting of legislation that would address the multitude of issues that were agreed upon as a result of the Interested Party meetings, which will bring uniformity to areas including (but not limited to) due dates for estimated tax payments, due dates of withholding payments, due dates and procedures for extension request filings, due dates for annual Reconciliation of Returns, all of which will simplify the compliance process for businesses and individuals alike.

Section 3 - That the Ohio General Assembly should focus on restoring previous funding levels to the Ohio Business Gateway and focus on correcting its multitude of programming problems and customer service issues to make that tool less cumbersome, more useful and relevant to municipalities, businesses, and individuals as a simple, generic, one-stop method of filing local business income tax returns in one location.

Section 4 - That members of the Ohio House and Senate should engage in constructive dialogue with local officials to gain consensus on correction of the perceived issues of potential revenue-neutral commonality and uniformity in those few remaining differences in municipal income tax provisions.

Section 5 - The Clerk of Council is hereby directed, forthwith, to submit a copy of this Resolution to representatives from Avon's House and Senate Districts and to the Governor's office.

Resolution No. 20-13 (Con't.)

Section 6 - That it is found and determined that all formal actions of the Council of the City of Avon concerning and relating to the adoption of this Resolution were taken in an open meeting of the Council of the City of Avon and that all deliberations of this City's Council and any of its committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

Section 4 - That this Resolution is hereby declared to be an emergency measure immediately necessary for the preservation of the public health, safety and welfare of the citizens of the City of Avon, the immediate emergency being the necessity of expressing strong opposition to passage of HB 5; therefore, this Resolution shall be in full force and effect immediately upon its passage and approval by the Mayor.

PASSED: _____ DATE SIGNED: _____

By: _____
Daniel S. Zegarac, President of Council

DATE APPROVED BY THE MAYOR: _____

James A. Smith, Mayor

APPROVED AS TO FORM:

John A. Gasior, Law Director

ATTEST:

Ellen R. Young
Clerk of Council

Posted: _____
In Five Places as
Provided by Council

Prepared By:
John A. Gasior, Esq.
Law Director