

House Bill 5 Update

As many of you know, House Bill 5 was introduced in the Ohio General Assembly in January 2013. This legislation addresses issues of uniformity and reform in the current municipal income tax system. The proponents of this legislation offer a poorly drafted law that includes substantial revenue losses to Ohio municipalities. Cities and villages across Ohio support legislation to create uniformity, predictability and simplicity in the local tax structure. We oppose additional revenue reductions mandated by Columbus on local governments.

While the Ohio legislature took the summer off, many cities across the state of Ohio continued to meet to draft alternative legislation to H.B. 5. There are about 50 items addressed in the bill and we objected to about 20 items. We offered alternative language to address these items in a “revenue neutral” way. The proponents no longer care about revenue neutrality and are now only interested in benefiting certain groups of taxpayers through reduced local tax obligations. We have worked with the Chair of the House Ways and Means Committee, a CPA and former Mayor, and believe he supports our alternative to H.B. 5. He has also worked in good faith with our group and we believe he is working on behalf of all citizens of our great state.

What did the proponents of H.B. 5 do this summer? They continued to work in secret; they did not read or incorporate any of our changes into their legislation; and most troubling, they continue to change their position on what they support in municipal tax uniformity.

The proponents have one person drafting legislation on their behalf. He is the former state tax commissioner now in private practice along with his independent lobbying firm. We have a team of elected officials, city managers, tax and legal administrators across Ohio sharing comments and best practices with transparency to achieve consensus and uniformity. I submit to you; which group will present legislation fair to all and devoid of unintended consequences?

The Ohio Society of Certified Public Accountants, a proponent of H.B. 5, recently gave testimony to the Ohio Senate Tax Reform Study Committee. After misleading the Legislature on our position for over a year, they continue to support centralized collection of municipal income taxes even though it is not currently in the bill. Their efforts in achieving consensus between the parties have been particularly unhelpful. As a proud member of the OSCP, it saddens me to say this.

On a positive note, I am pleased to report Ohio cities and villages across Ohio support our alternative to H.B. 5. Mayors and Managers groups, First Suburbs Consortiums and others, along with the outstanding support of the Ohio Municipal League, have been tenacious in opposing H.B. 5, as introduced.

I urge all of you to contact Representative Butler and Senator Lehner to express your support of our alternative to H.B. 5 supported by the Ohio Municipal League and cities and villages across the great state of Ohio.

William D. Duncan, Mayor

City of Oakwood