



April 26, 2017

The Honorable Ryan Smith
Chairman, Finance Committee
Ohio House of Representatives
77 S. High St., 13th Floor
Columbus, OH 43215

RE House Bill 49 – Centralized Tax Collection Reform

Dear Chairman Smith:

Historically Ohio has had one of the country's most administratively burdensome taxing structures, mostly attributable to Ohio's local income tax system. Ohio is one of a handful of states that taxes both individuals and businesses at the local level and the only state in which each municipal corporation makes its own rules and regulations. The administrative cost in time and money puts Ohio at a disadvantage compared to its peer states and diverts Ohio manufacturers' resources from productive activity.

In the past, The Ohio Manufacturers' Association (OMA) has advocated that Ohio adopt a consolidated and streamlined municipal income tax code that would create a uniform statewide standard. Despite the good progress made in House Bill 5 (130th General Assembly), Ohio's municipal tax system remains costly and cumbersome to manufacturers as they are still required to comply with a myriad of different local tax systems.

House Bill 49 as proposed by the governor would have made Ohio's municipal income tax system simpler and more predictable, both important characteristics of a competitive tax system. His proposal sought to minimize compliance costs associated with filing in multiple jurisdictions. The proposal centralized collection and administration for business filers which would significantly reduce the time and cost associated with multiple net profits return filings.

Yesterday the House Finance Committee removed the governor's centralized collections proposal and replaced it with several changes. Among the changes the substitute bill now would allow businesses to file a single or estimated tax return through the Ohio Business Gateway on which the business can report and pay the total tax due to all of the municipalities in which the business earned net profits. Ohio could charge the lesser of 1% of the tax due or \$1,000.00 for the privilege of filing these returns.

OMA and its members oppose these new changes to the substitute bill. Creating a fee to pay taxes sets a very bad precedent moving forward. OMA requests the original language from the governor's proposal be reinserted in Substitute House Bill 49.

Reinserting this important reform of Ohio's municipal income tax system will help increase Ohio's overall competitiveness. If you wish, please contact me at (614) 629-6814 or rbrundrett@ohiomfg.com to discuss further. Thank you for your work on this important bill.

Sincerely,



Robert Brundrett
Director, Public Policy Services