

Centralized Collection Talking Points

- Wanted to personally thank Senate President Larry Obhoff and Representatives Steve Hambley and Darrell Kick for taking the time out of their busy schedules to hear our concerns and meet with the City Administration and City Council on this issue. We are very appreciative.
- The City of Brunswick currently collects and administers its own income tax laws. We do not use a third party and our staff assists our local residents in completing their local tax returns every business day. Our residents can currently use our local tax office to complete their individual local tax return without having to pay an accountant or spend more of their hard-earned money for something that we can do for them at no additional cost. We also know our borders, our own laws and provide top notch customer service and resolve taxpayer issues better than any other alternative option available. During 2016, we did all of this at a cost of about 1.83 percent of our total gross tax collections, which is one of the best in the industry and nearly unmatched when comparing the service levels that we provide. Any mandate to take those services away, alter them or increase those costs (adding a 1% cost) by an outside party would ultimately hurt our community and constituents as a whole.
- City of Brunswick local businesses have the option to pay and file their business net profit return information through the City of Brunswick or through the Ohio Business Gateway today. Currently over 98% of our local businesses choose to pay and file related information with our local City of Brunswick Income Tax Office versus that of the Ohio Business Gateway. Why would the proposal mandate something that only two percent choose to do on their own?
- The Ohio Business Gateway (OBG) currently serves as a central portal for businesses where they can file their net profit tax obligations to Ohio cities. The system allows municipalities to verify the accuracy of business filings while allowing Ohio businesses the central, state supported system to manage local tax obligations.
 - Currently, OBG is plagued with limited capacity and software shortcomings frustrating business filers who try and complete filing obligations and has been underfunded for years.



4095 CENTER ROAD - BRUNSWICK, OHIO 44212

CITY HALL PHONE: (330) 225-9144 - FAX: (330) 273-8023 - POLICE & FIRE PHONE: (330) 225-9111 - FAX: (330) 225-6002
<http://www.brunswick.oh.us>

- The City of Brunswick, recipient of OBG information, also received 87 different daily error emails from the OBG during 2016 out of the total 280 business days. Although OBG may have corrected the majority of these errors in a timely fashion, the fact of the matter is that a 31% initial error rate is totally unacceptable. Adding any additional volume to this existing system through a mandate would be a mistake.
- Centralized collection is one more instance where the State would significantly erode local control. The municipal income tax is meant to be administered by the community which adopted the revenue generating mechanism, by the will of the residents and for their benefit in addition to the workers and visitors of Ohio's taxing municipalities, where essential services are delivered every day.
 - The loss of local control is particularly alarming to Ohio municipal leaders because it precludes local officials from having the ability to be good stewards of their communities' taxpayer's revenues.
 - If the State were to experience another economic recession and tax revenues were lost, there is nothing to ensure that they will be returned. There are also no assurances to prevent policy changes in the distribution of municipal dollars back to the rightful municipalities, in order to protect the financial solvency of the state of Ohio.
 - With this proposal, the revenue from the municipal Net Profit tax could become another Local Government Fund (LGF) out of the control of the dependent municipalities. With millions of dollars and crucial services at stake, the cities just can't afford to allow history to repeat itself here.
- The City of Brunswick currently has no cash flow concerns with our current income tax collection process. The cash is collected and deposited daily and is available for use or investment purposes every day. Without a doubt, losing control over the immediate cash flows and this process will cost our community revenues and additional dollars. It could also hurt our bond rating which could significantly increase our interest costs or hinder our ability to borrow funds.
- If a mandate were put in place and the cities had a question or disagreement with a calculation or allocation, has this process been defined? What would happen if the City's local income taxes were to substantially decline as a result of the State's involvement or miscalculation? Currently municipal tax professionals spend a significant amount of time auditing returns and assisting taxpayers. The State will simply not be able to ensure the level of scrutiny, review and overall accuracy of returns filed through the OBG inherent in self-collection. This local review results into tax dollars which are then used to for the safety and well-being of the community.