



DIVISION OF TAXATION

Serving Member Communities throughout the State of Ohio since 1967

March 7, 2017

Members of the House Ways and Means Committee:

My name is Nassim Michael Lynch and I am the Tax Commissioner of the City of Cleveland and the Administrator of the Central Collection Agency.

The City of Cleveland created the Central Collection Agency fifty years ago to provide for a cost effective and efficient method of administrating and collecting the local income tax for Cleveland and any other municipality that chose to become a member of the Agency.

The Agency provides for all activity relative to the enforcing the Tax ordinance for its members from printing and mailing tax forms, processing the returns as they are submitted, auditing returns for accuracy, issuing refunds and credits when they are correct, assessing penalties on delinquent accounts, canvassing communities to ensure compliance, and providing taxpayer assistance in the community for filing tax returns.

The Agency has a relationship with the Internal Revenue Service to exchange information and we use that information to ensure compliance with both individuals and businesses located in all of the member communities.

The Agency has a set of Rules and Regulations that are adopted by each member to allow for uniformity in the application of the Tax code and adherence to ORC 718. We also make sure that each member's ordinance is consistent with the mandates of ORC 718.

The Agency has taken advantage of technology to provide for the efficient and cost effective filing of tax returns. Currently 75% of the money collected by the Agency comes through the Agency's E-filing subsystem thereby allowing the Agency to distribute those dollars to the members in a timely fashion. Because the cities rely on the income to provide the services that their residents and business expect, we distribute money on a monthly basis and in some cases daily when the community needs it. This allows for the city to operate without a disruption to their cash flow. Any disruption would impact negatively payroll, health care pension payments, debt payments and vendor payments.

The proposed method of having the State collect even the Net Profit portion of the municipal tax would have a drastic effect on the City of Cleveland delaying the receipt of over \$50 million and causing the city to disrupt its services to the residents and business in the city.

Thank you for the time today and I would answer any questions that you may have of me.

Nassim Michael Lynch
Income Tax Administrator
City of Cleveland
Central Collection Agency
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