

Testimony to  
Ohio House  
Ways and Means Committee

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Good morning Chairman Schaffer and Honorable Members of the House Ways and Means Committee.

My name is William D. Duncan. I am a Certified Public Accountant in Dayton Ohio with 43 years of public accounting experience. I am a member of the American Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants. I have served on Oakwood City Council since May 2003 and was elected Mayor in January 2010.

Thank you for the opportunity to address you regarding this matter and thank you for your service to the citizens of the great state of Ohio.

Yesterday, Oakwood City Council joined numerous other cities across Ohio and unanimously passed a resolution opposing centralized collection of municipal tax returns and other provisions detrimental to local governments.

These provisions have been long supported by Columbus lobbyists and some state officials and are a clear attack on the home rule powers that cities are granted by the Ohio Constitution.

We believe local government is the best government because we are closest to the people to whom we are accountable. They are our friends and our neighbors. In ways that the state cannot hope to achieve, cities like Oakwood are better able to provide personal service and assistance to their taxpayers in preparing and filing tax reports and returns. We can verify the prompt and proper auditing of local tax returns to ensure all applicable

deductions and declarations are reported, and ensure that all taxpayers pay their fair share without causing higher costs of compliance for all.

The Governor's budget proposal would impose burdensome and costly restrictions, and would eliminate the ability of municipalities to audit and correct business returns and to equitably enforce the municipal income tax laws. It would interfere with our ability to monitor and correct employee withholdings. The entire purpose of this budget proposal is to take control over the administrative process of municipal income tax, which will benefit special interest groups and create a new stream of revenue for the State of Ohio, all at the expense of cities.

This is not a theoretical discussion about the separation of powers between the state and municipalities. It is a real issue and has real consequences. The municipal income tax is our city's single largest revenue source and provides the money we need to deliver essential city services. We will lose money if these provisions are included in the budget bill. We have already lost over \$3 million in annual revenue from the elimination of the Estate Tax, reductions in Local Government Fund allocations, and most recently, income tax changes mandated with the passage of HB5 in December 2014. Our residents should not have to absorb additional forced reductions in revenue, especially when the only purpose is to funnel more local money to the State of Ohio and to benefit special interest groups.

Over the last several years, Ohio business owners have seen the elimination of Ohio Corporate Franchise Tax, the personal property tax on inventories and equipment, and a reduction in state income tax rates from 7.5% to 5%. In 2016, small business owners with \$250,000 of taxable income will pay no state income tax on this income and, if they earn more than \$250,000, they only pay 3% on the excess. In addition, you can pass the business on to your family and pay no inheritance tax. All in all, Ohio has a very favorable tax environment for business. Now the proponents say centralized collection and the elimination of the throwback rule is critical to keep Ohio's economic future competitive. They misled the legislature in 2010, again in 2014 and now they are misleading you in 2017.

Ask the Dayton Development Coalition; Ask Senator Beagle, who was part of the team to bring PSA Airlines and Fuyao Glass among others to cities in Montgomery County; municipal income taxes have never been a reason not to relocate to Ohio.

In my 43 years as a certified public accountant, I have yet to hear the comments of the first CEO of a major company that declined to move to Ohio because of municipal income taxes.

We appreciate the fact that these harmful provisions have been removed from the budget for a separate hearing and recommendation from your committee. Unfortunately, the last legislature showed us how things happen when you face a time deadline. Voting for "the budget" that includes these harmful provisions will not be an acceptable position with the citizens of

Ohio. We reject additional growth to the Columbus Ohio administrative state. In the election last year, Ohio voted to “drain the Washington swamp.” Now we need to dredge the Columbus swamp of lobbyists for special interests against the citizens of Ohio who depend on local government services.

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Again, I thank you for the opportunity to address you regarding this matter and thank you for your service to the citizens of the great state of Ohio.