



OHIO MAYORS ALLIANCE

TESTIMONY BEFORE THE OHIO HOUSE WAYS & MEANS COMMITTEE

Keary McCarthy, Executive Director of the Ohio Mayors Alliance

Chair Schaffer, Vice Chair Scherer, Ranking Member Rogers, members of the Ohio House Ways & Means Committee, thank you for the opportunity to testify today on behalf of the Ohio Mayors Alliance.

As you may know, the Ohio Mayors Alliance is a new, bipartisan coalition of mayors in Ohio's largest cities and suburbs. We represent over 3 million Ohioans in 24 different communities across Ohio. By population, our largest member community is Columbus and our smallest community is the city of Lima.

I am here today on behalf of the mayors to express their concerns about the proposal to create a centralized collection process for Ohio's business tax filings and to eliminate the so-called "throwback" provision.

As currently proposed, these provisions will result in yet another financial setback for Ohio's cities and local communities. And by doing so, these provisions will undermine the stated justification for these changes, which is to make Ohio more business friendly.

Cities are on the front lines of some of Ohio's most significant economic development opportunities. Our mayors and local economic development professionals are working with businesses and entities like JobsOhio to attract businesses to Ohio's burgeoning cities, which strengthens the state economy overall.

The state's seven largest metropolitan regions, which are anchored by our largest cities, generate 81 percent of the state's employment and 82 percent of total state GDP. In the 11 metro regions, the economic output grows to 90 percent of total state GDP.

We appreciate the state intention of these two provisions, which is to make Ohio more business friendly and therefore encourage economic growth. However, we believe these provisions as drafted will not accomplish those goals.

This is because a city's ability to attract job opportunities is greatly diminished when revenue streams are continually impacted and financial instability is constantly peaking around the corner. Both of these provisions will negatively impact the financial health of our cities and

local communities, which means opportunities to cultivate successful economic development opportunities will be undermined.

In addition to potentially weakening the financial stability of cities, there are some very real concerns about how these changes could negatively impact businesses.

Small business owners who just operate in one or two local communities – and make up most business filings – would likely lose the ability to work directly with local tax administrators. Instead, they will be forced to work through the more centralized collection process and give up the personal attention that is currently being provided at the local level. This trade off could very likely result in a worse customer experience for small business owners and a more complicated and lengthy process for getting questions answered and disputes resolved.

Only four of Ohio’s largest communities don’t handle their own collections and utilize the Regional Income Tax Agency – Cleveland Heights, Elyria, Grove City, and Youngstown. As the Ohio Municipal League has noted, over 70 percent of municipalities are self collectors. Moving to a centralized collection process would be a significant shift and an extraordinarily complicated transition for the state, for cities, and for Ohio’s business community.

It is unclear if the Ohio Business Gateway is equipped to handle the volume and challenges that a centralized collection process presents. Give that the vast majority of filers and large communities would be impacted by a transition to a centralized collection process, the likelihood of complications and unintended consequences is inevitable.

It is for these reasons that the Ohio Mayors Alliance opposes moving to a centralized collection process for Ohio’s business tax filings and the elimination of the “throwback” provision.

Thank you for the opportunity to testify today. I’d be happy to answer any questions.

OHIO MAYORS ALLIANCE MEMBERS

Mayor Daniel Horrigan, AKRON ● Mayor Bob Stone, BEAVERCREEK ● Mayor Tom Bernabei, CANTON ● Mayor John Cranley, CINCINNATI ● Mayor Cheryl Stephens, CLEVELAND HEIGHTS ● Mayor Andrew J. Ginther, COLUMBUS ● Mayor Don Walters, CUYAHOGA FALLS ● Mayor Nan Whaley, DAYTON ● Mayor Gregory S. Peterson, DUBLIN ● Mayor Holly C. Brinda, ELYRIA ● Mayor Kirsten Holzheimer Gail, EUCLID ● Mayor Steve Miller, FAIRFIELD ● Mayor Lydia L. Mihalik, FINDLAY ● Mayor Richard “Ike” Stage, GROVE CITY ● Mayor Don Patterson, KETTERING ● Mayor Mike Summers, LAKEWOOD ● Mayor David J. Berger, LIMA ● Mayor Chase Ritenauer, LORAIN ● Mayor Lawrence P. Mulligan, Jr., MIDDLETOWN ● Mayor Timothy J. DeGeeter, PARMA ● Mayor Warren R. Copeland, SPRINGFIELD ● Mayor Paula Hicks-Hudson, TOLEDO ● Mayor William Franklin, WARREN ● Mayor John A. McNally, YOUNGSTOWN

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