

March 6, 2017

Ohio House of Representatives
House Ways and Means Committee
Chair, Representative Tim Schaffer

*Testimony by Mayor Kachen Kimmell, Village of Gambier, Ohio
HB 49 - Centralized Municipal Income Tax Collection
3rd Informal Hearing 3/7/17, 9am, Room 121*

Centralization of Tax Collection is Bad for Ohio Municipalities

We strongly oppose Governor Kasich's proposal to expand the state-operated centralized collection program for Ohio municipal income tax. Our Village is like all other Ohio municipalities in most respects even though we are small. Like the majority of those Ohio cities and villages, receipts from our municipal income tax pay for almost all of our non-water related operating expenses. Kasich's ever increasing mandated decreases in municipal income tax revenue hurt us. We don't have enough money to do necessary paving this year or to even consider a needed monetary contribution to help provide modern EMS service, including paramedics, to our citizens. The Governor's proposal to institute centralized collection will further reduce our revenue and begin to totally sever us from our major financial support. Quarterly distributions to the state of Ohio would damage our ability to meet typical and unforeseen financial obligations.

We also have serious concerns about losing our ability to audit and enforce accurate filings and correct returns. For example, who will answer questions regarding returns? Will either taxpayers or our Village staff have to contact the state all the time with taxpayer questions? Will the Village receive the tax returns with all of the relevant supporting documents? These tax changes are often touted as creating less paperwork for businesses. We fear that less paperwork for businesses may well result in more administrative work for our small staff.

Furthermore, Gateway is not a system that is in good working order. Why doesn't the state itself use Gateway to file their withholdings? Will the state use the system they require others to use? This centralized collection also offers zero accountability in ensuring that the state returns the correct amount of revenue back to the municipality. Revenue received from municipalities will be deposited into one commingled account and then redistributed back out. As a small Village we are concerned that we will get lost in the massive filings from larger cities. These issues and many more cause us to conclude that with centralized income tax collection, we are asked to take on increased administrative responsibilities to send our money to the State of Ohio and then pay a fee to get it back.

Governor Kasich balanced his budget in recent years in significant measure by reducing revenue to all Ohio municipalities - cities, villages, townships and counties. All of Kasich's municipal tax related measures, including centralized income tax collection, attack municipal home rule and are a usurpation of State of Ohio constitutionally-granted local municipal taxation power. The leaders of the municipalities in our county and all across Ohio are telling voters about the lost revenue due to Governor Kasich and his Republican majority legislature and the resulting increases in fees and taxes that will be passed on to them. Everyone understands that essentially the State of Ohio is raising citizens' individual taxes.

Sincerely,

_____/JKK/
Mayor Kachen Kimmell
Village of Gambier, Ohio

_____/KS/
Fiscal Officer Kathi Schonauer
Village of Gambier, Ohio