



**WRITTEN TESTIMONY BEFORE THE OHIO SENATE WAYS AND  
MEANS COMMITTEE**

**HB 69**

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Chairman Eklund, Vice Chair Terhar, Ranking Member Williams and members of the Senate Ways and Means Committee, my name is Emily Keeler and I am a City Councilwoman for the City of Grandview Heights. I appreciate the opportunity to offer testimony today in opposition to HB 69, which proposes to exempt Supplemental Executive Retirement Plans (SERPS) along with all non-qualified defined benefit plans from municipal income tax.

In Grandview Heights, we recently passed our 2018 budget, and as ambassadors of our citizens, the city's administration and elected officials worked long hours to ensure the budget was fair, responsible, and most importantly, not a deficit budget. While it is hard to calculate the exact negative dollar impact of this bill, Grandview Heights is home to several large employers that use these types of compensation plans, and losing the income tax revenue on that form of income would be financially harmful to the city, which needs to be able to depend on certain sources of income revenue as it forecasts its budgets and its public projects.

Another reason this bill is very troubling is that it is retroactive in nature. As a result, if passed, the city anticipates it would receive numerous claims for refunds, something it has neither had reason to contemplate nor budget for. Retroactive laws are disfavored for many reasons, not the

least of which is the unanticipated impact I just noted. In this instance, the city's 2018 budget and revenue projections would be impacted if a flood of refund claims were to be submitted. This potentially significant loss would impact our current service levels and public improvements, and create a future loss of revenue as more individuals use non-qualified defined benefit plans as a tax-sheltering opportunity. These 2016 and 2017 dollars are not sitting in a fund somewhere. They have already been invested in our community to the benefit of all of our citizens.

To illustrate how this measure could impact not only our community, but communities around the state, the headquarter city would have foregone millions of dollars when Abercrombie & Fitch CEO Michael Jeffries left the company and received his very handsome deferred compensation. While that city may be able to withstand such a blow, a small community that relied on this revenue stream might not. Now, multiply the impact of that one executive officer by all employees who are in deferred compensation plan. This can have a huge impact on a small community like Grandview Heights. We just finished a new 100-acre development and we have several companies located there. Passage of HB 69 would adversely affect Grandview Heights, both now and in the future.

As an elected official, I am here to represent my constituents fairly, as I am sure you are. While I am not an accountant, I am trying to understand how this legislation helps the greater good for my community and not just a small segment of voters. I am also at a loss to understand the public purpose or benefit to the state. As I see it, this bill would hurt municipalities and our ability to support our communities with the limited resources we currently rely on. Cities have already been hard hit by state cuts, including the removal of the estate tax and the tangible personal property tax, and a substantial reduction in Local Government Funds. This would be just one more deep cut.

For the reasons highlighted here, I would urge you not to support or pass HB 69.

Thank you for your time.