



Chairman Eklund, Vice Chair Terhar, ranking member Williams and members of the Senate Ways and Means Committee, thank you for allowing me the opportunity to testify before you today. My name is Tina Timberman and I am the Income Tax Administrator for the City of Athens. As most of you are familiar with Athens, I will just add that we are a small Southeastern Ohio town made up of approximately 5,000 residents and 25,000 college students. I am here today to give my thoughts on how the amendment (AM 0936-1) being introduced today will affect my municipality.

The language being introduced today is far reaching and does not only exempt SERP income, but exempts all amounts earned from defined contribution and defined benefit plans excluding employee contributions or elected deferrals. In addition, the amendment tries to retro the bill back to 2016 forcing multiple years' worth of refunds.

There are multiple issues to address with this language, however due to time constraints I'll try and keep this brief. First this is going to cause reporting issues with the employer's accounts. Since the income **is taxable for federal purpose** the year end W-2's will require additional information from the employer to be able to balance the differences between Medicare wages and Local wages.

Of course the biggest issue with the amendment is the revenue impact it will have on the City of Athens. You would think this will mainly affect the large cities, but that is not true. For the City of Athens, this language has a very substantial impact. Due to the way that the income is reported, impact numbers are hard to come by without additional information from the employer. However, the City of Athens does have some of that information and can provide some impact analysis.

Looking at what types of income that are being exempted in the language, I can tell you that there were two years where we would have lost \$149,000.00 - \$500,000.00 from just a few accounts. Those numbers are actual tax dollars, and they only represent a few accounts. We would need \$27 million in new payroll to replace the lost tax revenue from those accounts.

What can the City of Athens can do with \$500,000.00? In 2017 we have paved 16 streets (9.6 miles) for \$550,000.000. However, this coming year due to budget constraints, we have had to cut our capital budget to zero. In addition, we had to make \$1.1 million dollars' worth of cuts in the general fund budget just to start FYE 2018. The City of Athens is already feeling the impacts of the changes made in HB5 just as we are beginning to phase in the 5 year Net Operating Loss.

Our City is already hurting. What we don't need is more changes that will impact our tax revenue, especially with such devastating losses. Please remember this income is taxable at the Federal and State level and by exempting it at the municipal level you are creating a tax free loop hole for highly compensated individuals. Lines 3-6 of the amendment define the income as exempt even when these employee wages are considered as taxable for FICA or Medicare taxes.

What I'm asking today is that you stop, think and consider what your vote will do to the municipalities and your constituents if you pass this amendment. Is it worth exempting highly compensated individuals at the expense of rest of the taxpayers?

Thank you for allowing me the time to testify today. I can take any questions at this time.

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