



Board of Directors:

Mayor Kim Maggard (Whitehall), Chair
Council President Bonnie Michael (Worthington), Vice-Chair
City Manager Dave Collinsworth (Westerville), Secretary-Treasurer
Mayor Ike Stage (Grove City), Member
City Manager Dana McDaniel (Dublin), Member
Mayor Ben Kessler, Immediate Past President

June 13, 2019

The Honorable Matthew Dolan
Ohio Senate Finance Committee Chairman

Dear Chairman Dolan:

On behalf of Central Ohio Mayors and Managers Association (COMMA), I am writing to express our opposition to two amendments to House Bill 166, related to the exemption of Supplemental Executive Retirement Plans from municipal taxation and to Section 718 of the Ohio Revised Code. **Both amendments further erode municipal home rule authority granted by the State of Ohio Constitution.**

COMMA represents the communities of Bexley, Canal Winchester, Columbus, Delaware, Dublin, Gahanna, Grandview Heights, Grove City, Lancaster, Hilliard, Marysville, New Albany, Pickerington, Powell, Reynoldsburg, Upper Arlington, Westerville, Whitehall and Worthington. **The populations of these communities total nearly 1,500,000 residents of the State of Ohio.**

The amendment to exempt Supplemental Executive Retirement Plans would allow highly compensated individuals to avoid paying municipal income tax on distributed compensation. If approved, the plan distributions would continue to be taxed by the state and federal governments but would be fully exempt from municipal income tax. Cities currently have the ability to enact ordinances to exempt these plans from taxation, if they so choose, as some communities, such as Findlay, Ohio, have already done. **This does not require legislation by the state.**

We also oppose the changes to Section 718, which are being sought to correct issues and processes that are a direct result of previous state legislation that allowed the State of Ohio to collect municipal net-profit taxes. In order to resolve these issues, the state would be permitted to seize revenue of municipalities to correct what appears as a "negative" distribution.

The cities have proposed draft legislation, at the urging of the Ohio Municipal League, and vetted by its Income Tax Committee, which would address the issues and not result in seizure of funds from other accounts. In addition, we are proposing common sense amendments to the sections related to state administration and collection of municipal income tax net profits. These amendments, among other positive changes, would allow businesses to have flexibility when deciding if they want to opt-out of the state process, require that the state conduct an audit when the municipality provides evidence that such an audit should occur, clarify how negative transactions currently experienced by the State of Ohio Department of Taxation should be handled, and provide access to taxpayer records by the municipality for those taxpayers who have opted to file with the state.

The success of municipalities is fundamental to the prosperity of the State of Ohio and, therefore, vital to all stakeholders. We welcome the opportunity to work with the State Legislature, so that we may be part of the process and find solutions that will be beneficial to all.

Sincerely,



Kim Maggard, Mayor of Whitehall
Board Chair of COMMA

COPY: Senate Finance Committee Members
Ohio Municipal League