

Kristina Roegner

State Senator
27th Senate District



Sponsor Testimony

Senate Bill 352

Ohio Senate Local Government, Public Safety, and Veterans Affairs Committee
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Chairman Manning, Vice-Chair Brenner, Ranking Member Maharath and Members of the Senate Local Government, Public Safety and Veterans Affairs Committee, thank you for the opportunity to testify today on S.B. 352, which simply restores Ohio’s municipal tax collection law to the way it was prior to the COVID-19 pandemic.

Prior to the Covid-19 pandemic, workers paid a portion of their city income taxes to the municipalities in which they physically worked. The intention of this, of course, was to help pay for the services that the city would provide to that worker while they are there.

Then Covid-19 entered the picture: Ohio’s governor declared a state of emergency and through the Department of Health started to issue executive orders in rapid succession. Schools, government agencies such as BMVs were closed; Polling locations on the 2020 primary election day were closed; Restaurants, bars and small businesses were shuttered and people were ordered to “stay at home.” The world as we knew it changed seemingly overnight.

The General Assembly had to move quickly, to address the fallout from these closures and to dampen any resulting shockwaves. We did so with H.B. 197, which we passed unanimously on March 25th 2020.¹ Thanks to H.B. 197, seniors in high school could still graduate, testing was waived, school report cards put on hold, the tax filing deadline was extended, people could still drive on expired licenses, and municipal income tax collections were essentially temporarily frozen, so those who now were working from home, continued to pay municipal tax to the

¹ <https://www.legislature.ohio.gov/legislation/legislation-votes?id=GA133-HB-197>

city *where they used to work* - not where they were currently working (from home).

The Ohio legislature did this to ensure that municipalities throughout the state did not face unprecedented and unpredictable budgetary consequences of the pandemic. H.B. 197 states right in the title of the bill “...*maintain the continuity of the state tax code in response to the declared pandemic and global health emergency related to COVID-19*”.²

However, it has been approximately 6 months since the passage of H.B. 197, and it is time that the legislature begins to discuss how to remedy what has become an unfair reality resulting from what was intended to be a temporary provision. The result of H.B. 197’s temporary fix is that Ohioans who are working from home are paying the same amount of taxes that they previously were to the city in which their company is located, but are increasingly utilizing the services of their residential city as they both live and now work at home. This is inherently unfair to workers’ residential cities, as they are forced to bear increased costs with no increased proportion of revenue.

This bill is brief and it is simple. Moreover, it does not substantively change Ohio’s tax law, even with respect to H.B. 197, except for timing. You will recall that the language modifying the municipal income tax rules in H.B. 197 were designed to be a short-term fix, not an indefinite one. Under H.B. 197, the municipal tax collection process will revert to the language in this bill, the way it was prior to the pandemic, 30 days after the expiration of the state of emergency declared by Governor DeWine.³

Prior to March, many people had never heard of “Zoom.” Now, 6 months into the pandemic, it is part of our vernacular as workers and students have become quite comfortable with video conferencing, telecommuting, and generally working from home. The question is: once SB352 passes or the pandemic is over and the state of emergency lifted, will workers who have become accustomed to working from home, flock back to the cities? There is a high probability that at least a

² <https://www.legislature.ohio.gov/legislation/legislation-documents?id=GA133-HB-197>

³ HB197 SECTION 29. Notwithstanding section 718.011 of the Revised Code, and for the purposes of Chapter 718. of the Revised Code, during the period of the emergency declared by Executive Order 2020-01D, issued on March 9, 2020, and for thirty days after the conclusion of that period, any day on which an employee performs personal services at a location, including the employee's home, to Am. Sub. H. B. No. 197 133rd G.A. 341 which the employee is required to report for employment duties because of the declaration shall be deemed to be a day performing personal services at the employee's principal place of work.

statistically significant portion of them will not and in either case municipal tax revenue will see a dramatic shift.

Therefore, is far better that the legislature determines the best way forward for Ohio's cities and communities now, rather than wait and simply watch the language in H.B. 197 expire at the end of the state of emergency, enacting the status quo with much less discussion and debate.

Again, thank you for the opportunity to testify. I would be happy to answer any questions at this time.