



**House Ways and Means Committee  
Opposition Testimony, House Bill 157 (Jordan)  
Alison Goebel, Greater Ohio Policy Center  
Wednesday, March 10, 2021**

Chairman Merrin, Ranking Member Sobecki, and members of the House Ways and Means Committee: thank you for this opportunity to give Opposition testimony on House Bill 157, which seeks to modify municipal income tax collections from remote workers.

My name is Alison Goebel, and I am the Executive Director of the Greater Policy Center (GOPC). GOPC is a statewide non-profit organization that champions revitalization and sustainable growth in Ohio's cities and metros.

We are deeply concerned by HB157 and the far-reaching consequences it will have, if passed. The loss of revenue for individual municipalities would be devastating, which, in turn, would undercut Ohio's economic competitiveness for years.

Municipal income tax is the largest source of revenue that cities have authority over. In the big 6 cities, it is 82% of own-source city tax revenue. Smaller cities, suburbs and villages are equally reliant on the municipal income tax for operations and capital improvements.

Research by my colleagues at GOPC estimates that Ohio's 6 largest cities would lose \$306 million per year if Section 29 is repealed during the pandemic.<sup>1</sup> As you will hear others cite, the Regional Income Tax Authority estimates its 300 client-municipalities would annually lose \$105 million.<sup>2</sup> There's no overlap in cities between our \$306 million and RITA's \$105 million. My office has also looked at 16 small legacy cities, such as Portsmouth and Lima. We expect 10 of the 16 cities will experience a loss in municipal income tax revenue, based on commuting patterns alone. At minimum, we're talking about Ohio's municipalities losing \$411 million every year. It is likely magnitudes more than that.

Cities and villages in Ohio use their income tax revenue to fund a range of economic development investments, including: roadway construction and maintenance; snow and ice removal on all roads, including highways and state routes; waste water systems; public safety and law enforcement.

City services and capital investments are not all cash-in, cash-out propositions amenable to rapid reallocation. Cities often use municipal income taxes to pay for infrastructure and capital improvement bonds. A sizeable loss of income tax revenue could force cities to shift resources

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<sup>1</sup> The \$306M annual loss assumes 30% net of workers who work in the big 6 cities work remotely and taxes are collected in their home jurisdictions. Research white paper available here:

<https://www.greaterohio.org/publications/income-tax-rebuttal>

<sup>2</sup> RITA's data is not officially published, but available upon request from RITA. Their \$105M annual lost assumes 30% net of workers will work remotely.

away from needed services, like law enforcement, to ensure bond payments continue. Alternatively, cities might default on bonds they took out, pre-pandemic.

I want to re-emphasize that this not a big city issue. The median population of RITA's client-municipalities is approximately 2,300 residents. RITA calculates that even at just a 10% shift towards remote work, 84% of their clients will lose some revenue.

The bottom line is that the consequences of this legislation would be extraordinary for the entire state, not just individual municipalities. For example, insufficient funds could result in poor road conditions within a city's jurisdiction. The potholed, unplowed roads could slow commerce and shipping and increase accidents and fatalities for the entire region. We can trace similar chains of events for waste water systems, law enforcement and first responders, air and water quality regulations. In all cases, problems in a majority of local municipalities will become a regional problem, which will become the state's problem.

We ask the legislature to maintain Section 29 and continue the temporary suspension of the 20-day rule. In other words, please do not allow HB157 to move out of committee.

Before we make any changes to the tax code, we need to get our communities through the uncertainty of the pandemic. Then we can assess the situation and establish equitable solutions based on a clearer understanding of how Ohio's workplaces may have changed, while still recognizing the long-standing bonded commitments of our communities, and the role our cities and villages play in driving the state's economy.

Chairman Merrin, members of the Committee, thank you for your attention today and appreciate your consideration of our position. I am happy to answer any questions you or members of the committee may have.