



# City of Akron, Ohio

**DANIEL HORRIGAN, MAYOR**

## Opponent Testimony on House Bill 157 Dan Horrigan, Mayor, City of Akron

Chairman Merrin, Vice Chairman Riedel, Ranking Member Sobecki and members of the House Ways and Means Committee, my name is Dan Horrigan and I am the Mayor of the City of Akron. I appreciate the opportunity to submit testimony in opposition to House Bill 157 and explain why this legislation would have a devastating impact on the citizens of Akron.

House Bill 157 intends to repeal Section 29 of House Bill 197 from the previous General Assembly, which would significantly reduce our most crucial source of revenue and force us to make massive cuts to the most basic services provided to our citizens in order to balance our budget. This includes cuts to police, fire, parks and recreation, sanitation and roads.

In 2019, the City of Akron collected approximately \$169.8 million in income tax revenues of which 84% was employee withholding (\$142 million). Roughly 66% of the employee withholding taxes collected are from individuals who work in the City of Akron but live outside of the City. This is substantial based on the fact that Akron's largest employers required employees to work from home and a majority of these employees are not working from a home located in Akron. Therefore, if HB 157 passes, it will result in massive revenue declines that will create substantial challenges for not just Akron, but all large municipalities within the State of Ohio. Last spring, the General Assembly made a policy decision to ensure that Ohio's municipalities continue to have the ability to provide necessary services to our residents during these extremely trying and unusual times. The reversal of this policy decision and enactment of House Bill 157 is a fundamental change to the way that Ohio's large cities are funded, and simply put, will erode our ability to fund basic citizen services.

While the City has been a recipient of Federal Cares Act dollars in 2020, the fiscal challenges of this global pandemic continue to make future budget assumptions difficult and uncertain. The City of Akron was a recipient of over \$27 million in Federal Cares Act dollars. The majority of these dollars were used to offset public safety salaries, which will be transferred from the General Fund to the Federal Cares Act Special Revenue Fund. The City is also analyzing how Federal Cares Act dollars can be best utilized to provide support to both businesses and individuals within the community. To be clear, this federal funding does not off-set the enormous loss of revenue the City will experience if HB 157 is enacted. In addition, we are currently preparing the City's budget for 2021 and urging all departments to look for cost savings measures and to maintain flat budgets as next year will continue to present a challenge.

House Bill 157 will not only cause a dramatic revenue loss for the City of Akron, but it will also negatively impact the Akron Public Schools (through the CLC tax), neighboring townships, and businesses. Akron has entered into economic development agreements to reward employers when specific levels of tax are collected as a result of employment in Akron. We have been able to pay for benefits such as infrastructure improvements directly impacting the quality of an employee's work life in addition to sustainability of businesses. If HB 157 passes, it is unlikely that the employment tax thresholds will be met, thus eliminating contractual payments to these employers.

In conclusion, making these drastic changes to Ohio's long-standing municipal income tax in such a short time frame and during a 100-year pandemic is not only short sighted, but it will have a dramatic impact on municipalities who are already struggling to provide city services and support local businesses. I stand ready and willing to have a further discussion regarding the funding of Ohio's cities and the Ohio municipal income tax and ask that you undertake a larger discussion to find alternative revenue sources before unilaterally decimating our budgets and ability to perform city services. Please feel free to reach out to me if you would like to discuss ideas and alternative options.