



**House Ways and Means Committee
Opposition Testimony, House Bill 157 (Jordan)
Alison Goebel, Greater Ohio Policy Center
Tuesday, April 20, 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 substitute-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 in Ohio's cities and metros.

I was here a month ago expressing my organization's concerns and opposition to HB157. We are even more opposed to it today than before.

In the substitute bill, we appreciate there is now a date certain for when the employer withholding provisions of Section 29 would expire (e.g. December 31, 2021).

However, beyond that item, the rest of the changes made in the substitute bill make the bill even more harmful to Ohio and the cities it depends upon to generate the state's GDP. We are most concerned by two sections.

Section 1 (D) (lines 31-35) allows individuals to seek refunds from the municipality in which their employer is located. This newly added language runs counter to previous legislative intent and LSC's interpretation of Section 29. I have included a direct quote of LSC's interpretation at the end of my testimony, but in essence they say Section 29 applies to "liabilities of the employee."

Section 5 clarifies that this bill is "remedial" and can be applied to taxes collected from March 9, 2020 (lines 58-60).

Taken together, Section 1(D) and Section 5 will have catastrophic consequences for Ohioans.

- These sections allow for the unplanned withdrawal of millions of dollars from village and city budgets that will devastate municipal budgets, and
- these sections will create incomprehensibly massive administrative burdens on municipalities. City staffs will have to process every refund request; and track down every new tax liability from work-from-home residents.

Bottomline: allowing employees to seek refunds retroactive to the beginning of the pandemic will devastate municipal budgets. In turn, this will devastate the state for years to come.

There has only been one proponent for this bill: the sponsors themselves. There has been wide opposition to the proposal, ranging from municipal governments to business groups, including the Ohio Business Roundtable and Columbus Chamber of Commerce.

Again, we ask this Committee to not allow this bill to leave Committee.

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

Ohio Legislative Service Commission Analysis of Am. Sub. HB 197

LSC's analysis makes clear that the purpose of Section 29 was to address both the employer withholding and the tax liability (page 6 of LSC analysis):

*“For municipal income tax purposes, treats **income earned by an employee** required to work at a temporary worksite because of the emergency as being earned at the employee’s principal place of work, potentially affecting the municipal income tax withholding **and liability** of the employee and the employer.”¹*

¹ <https://www.legislature.ohio.gov/download?key=13600&format=pdf>