

BRIAN D. DAY
AUDITOR



6611 Ridge Road
Parma, Ohio 44129
Phone: 440-885-8020

April 19, 2021

Dear Representative Crossman,

I am the Auditor for the City of Parma and in my role as the Chief Financial Officer I oversee our budget. The City of Parma is the seventh largest city in Ohio, and we currently have a General Fund budget of approximately 60 million dollars. Income tax revenue makes up a significant amount of our General Fund, currently about 63%. As a result of COVID-19 many workers were instructed to work from their homes. Last year the General Assembly enacted House Bill 197. This allowed employers to continue to withhold municipal income taxes at a taxpayer's place of work, even if the taxpayer is working from home. This provision extends until 30 days after the Governor's declaration of emergency is lifted.

Proposed legislation, House Bill 157, would repeal the commuter tax provision which would mean that those working from home would be taxed by the municipality where they live. Because many Ohio municipalities rely heavily on municipal income tax as their primary source of revenue, I am concerned of the negative effect on potential revenue loss this may have. I also am concerned that the sudden change to the law will be a burden to our businesses.

It is my belief that it is premature to moved forward with this legislation at this time. More time is needed to study and understand the effects of the COVID-19 pandemic on the future of municipal income tax in Ohio.

Sincerely,

Brian D. Day