

WILLIAM J. ROTH, JR.
MAYOR



MARK H. LUDWIG
FINANCE DIRECTOR

JACOB D. KAUFMAN
TAX ADMINISTRATOR
ASSISTANT FINANCE DIRECTOR

CITY OF FAIRLAWN

Dear Chairman Merrin,

I am submitting this letter in opposition of HB 519.

The first part of HB 519 would prohibit municipal tax administrators from sending notices prior to the October extension due date if the taxpayer receives an extension, and, if a municipal tax administrator sends a notice to a taxpayer who has received an extension, it requires the municipality to reimburse the taxpayer for "reasonable costs" associated with responding to the notice.

In the bill, "reasonable costs" are not defined and it is not clear how these costs will be determined, making municipalities vulnerable to both unknown financial impacts and litigation that would cost taxpayer dollars. Furthermore, municipalities such as the City of Fairlawn, with populations of less than 250,000, do not have access to IRS records and cannot know if a federal extension has been filed.

Notices from municipal tax offices can help reduce the late filing fees for taxpayers who forget to file. In municipalities that do not send notices prior to the October extension due date, taxpayers have stated that they would have wanted to receive notices as penalties and interest had been accruing during the extension period. These notices enable municipal tax offices to offer good customer service.

The second part of the bill eliminates any penalty for not filing a legally required tax return if the taxpayer does not owe any tax. Without a penalty, mandatory filing is no longer really mandatory, but merely a suggestion. Some taxpayers will not file a return unless there is a monetary fee to enforce filing. Municipalities must be able to enforce mandatory filing for all taxpayers in order to be consistent, uniform, and fair to all taxpayers. Municipalities must be able to enforce the accurate and fair administration of the municipal income tax, because municipalities rely heavily on this revenue source. In Fairlawn, it accounts for 80% of the revenues used to fund our police and fire services.

Taxpayers are currently able to ask a municipal tax administrator to waive these penalties. When asked, many municipalities grant such waiver requests, if the taxpayer is not a habitual late filer. This demonstrates the value of local tax offices, as municipalities will work with taxpayers to resolve these issues.

Thank you for your consideration of our concerns.

Respectfully,

A handwritten signature in blue ink, appearing to read "Jacob D. Kaufman".

Jacob D. Kaufman
Tax Administrator/Assistant Finance Director