

TO: Ways&MeansCommittee@ohiohouse.gov & aringle@omlOhio.org

Thank you for the opportunity to write in opposition of HB 519 which would be detrimental to the City of Louisville, Ohio's Income Tax Department. The Tax Department relies on one full-time and one part-time employee to manage over 10,000 (individual, net profit, and withholding) accounts. Time is a precious commodity and regulated.

HB 519 has two parts. The first part would prohibit municipal tax administrators from sending notices prior to the October extension due date if the taxpayer receives an extension and requires that if a municipal tax administrator sends a notice to a taxpayer who has received an extension, the municipality must 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 with populations of less than 250,000 do not have access to IRS records and cannot know if a federal extension has been filed.

Ohio Revised Code changed several years ago stating that Cities were not allowed to "request" extensions and that they would be provided with the tax form when a given taxpayer filed. Our small town had already built a relationship with our area accountants who still do produce names of their clients by mid-May to assist the cities so that the City can not lose work-time on failure to files. Louisville, which is a small city in Ohio, prints more than 3,300 failure to file notices as we are a city with many rentals. What HB519 is proposing would be crippling to our City as failure to files done prior to the October deadline brings in over \$37,500.00 a year in addition to setting up estimates in a current year. Louisville is a 2% City with a reduced credit of 60% up to 2%.

Notices sent in June through July from my office reduces the late filing fee for people who forgot to file and many a time I have the source information and filing can be done over the phone. Our notifications are specific in stating "if you are on Federal Extension" discard this Notice. Our office manages to file and update our records in this period whether closing an account or working out a payment plan that works for the taxpayer.

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 the penalty for not filing a legally required tax return if the taxpayer does not have a tax balance. It must be addressed that many failure to file taxpayers have multiple years not filed at one given time. In addition, any city or village receives the State of Ohio's Date Exchange File and it is two (2) years in arrears. All municipalities must be able to enforce the accurate and fair administration of the municipal income tax because municipalities rely heavily on this revenue source, 70% of which funds police and fire services.

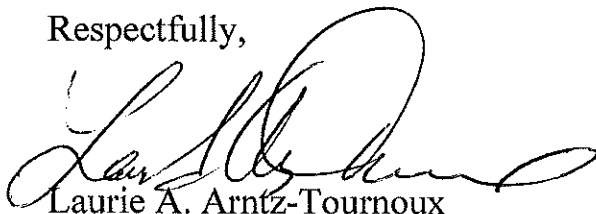
Without a penalty, municipalities will not be able to enforce mandatory filing. Some taxpayers will not file a return when mandated unless there is a monetary fee to enforce filing. Municipalities must be able to enforce mandatory filing which is in the City of Louisville's Tax Ordinance for all taxpayers in order to be consistent, uniform, and fair to all taxpayers.

Taxpayers are currently able to ask a municipal tax administrator to waive these penalties and many municipalities will waive the late fee when asked 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.

HB 519 would actually prevent local government from working with their general public to collect and or file taxes timely and would be damaging financially for cities.

Thank you for your consideration of our concerns.

Respectfully,



Laurie A. Arntz-Tournoux

Tax Commissioner

Ex-Officio and Present Recording

Secretary of The Ohio Association of Tax Administrators

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