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February 24, 2022

The Honorable Derek Merrin, Chair
Ways and Means Committee
Ohio House of Representatives
Vern Riffe State Office Tower
77 South High Street
Columbus, Ohio 43215

Dear Chair Merrin:

Thank you for the offer of written testimony in opposition of HB 519. As you know, HB 519 has two sections. The first would prohibit municipal tax administrators from sending notices prior to the October extension due date if the taxpayer has received an extension. It also stipulates that if a municipal tax administrator sends a notice to the 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 unclear how these costs will be determined. Such a bill would be a litigators dream, as it would make municipalities vulnerable to both unknown financial impacts and litigation that would cost untold taxpayer dollars. In addition, municipalities with populations of less than 250,000 do not have access to IRS records and as a result, cannot know if a federal extension has been filed.

Notices from municipal tax offices can help reduce the late filing fee for people who may forget to file. In municipalities that do not send notices before 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. In addition, 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. Municipalities must be able to enforce the accurate and fair administration of the municipal income tax. Municipalities rely heavily on this revenue source, 70% of which funds police and fire services.

Without the penalty, municipalities will not be able to enforce mandatory filing. It has been my experience that 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 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 to do so if the taxpayer is not a habitual late filer. Again, this demonstrates the value of local tax offices, as municipalities strive to work with taxpayers to resolve these issues.

I appreciate your consideration of our concerns. Please do not hesitate to contact me if you have questions about our position.

Respectfully,

Stephen Henderson
Interim Mayor



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