



MEGHAN F. GEORGE
MAYOR

March 11, 2022

The Honorable Michael J. Skindell
Ohio House
77 South High Street
Columbus, OH 43215

Re: ***Request opposition to HB 519, regarding municipal income tax filings***

Representative Skindell:

The City of Lakewood is reaching out to request your opposition to HB 519 and share some of the consequences for the City of Lakewood, should it become law. This bill, currently before the House Ways and Means Committee, would revise Ohio law regarding municipal income tax extensions and the penalty for failure to timely file municipal income taxes.

First, this bill would prohibit municipalities from sending notices to residents and taxpayers prior to the October extension due date, if an extension has been granted. Further, should a municipality send these notices to a taxpayer who received an extension prior to the extension deadline, the municipality must reimburse the taxpayer for "reasonable costs" associated with responding to the notice. Importantly, this bill does not define "reasonable costs" nor does it make clear how these costs will be determined, making municipalities vulnerable to both unknown financial impacts and litigation that would cost taxpayer dollars.

Timely notices from municipal tax offices like Lakewood's provide taxpayers with awareness and good customer service by helping to reduce late filing charges for people who overlook their filing obligation, rather than letting more time pass, which results in the unnecessary accrual of additional late charges. Moreover, Lakewood's population density includes a vast base of renters who are generally more transient, which can consequently make the City's efforts to locate and collect from them more difficult. It is important that our tax office maintain the ability to timely correspond with its constituency. Otherwise, some renters will move without paying their fair share, leaving homeowners with a disproportionate share of the total bill for municipal services.

Secondly, this bill would eliminate the penalty for not filing a legally required tax return if the taxpayer does not have a tax balance. Additionally, the bill would reduce the maximum fine for failure to timely file from \$150 to \$25. It is important that municipalities have the ability to enforce the accurate and fair administration of the municipal income tax, as it is heavily relied upon to fund services such as our safety forces. Without a penalty, municipalities cannot administrate their tax fairly, again leaving only those that are compliant to pay the bill. We all know that the most compliant taxpayers are homeowners, and municipalities must be able to enforce filing requirements for all taxpayers in order to be consistent, uniform, and fair to all taxpayers, especially our homeowners.

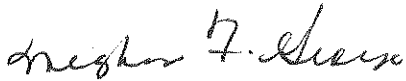
Note that taxpayers are able to request a municipal tax administrator to waive late charges, and many municipalities like Lakewood do waive late fees for reasonable cause. This goodwill gesture and the local

interaction with the tax office provides an educational opportunity for residents, ambassadorship for the local government, and demonstrates the value of local tax offices who work with taxpayers to resolve these issues and arrive at mutual understanding.

Lakewood reasonably administers its income tax and has not increased the income tax rate or changed the credit structure in over 40 years. This is a phenomenal record and in large part is due to making sure everyone pays their fair share, to include renters. This bill could cause an unintended consequence of favoring renters over homeowners, as municipalities may rely on tax hikes to homeowners to supplant lost revenue from a more transient rental base. If it does not lead to tax hikes, it at least contributes to homeowners owning something they do not want to own: a more disproportionate share of the total tax burden.

As a former Lakewood Councilperson, you are keenly aware that municipal income tax revenue is the lifeblood of a municipality. Legislation such as this is detrimental to Lakewood and other municipalities all over the state. We firmly believe from our experience with a large rental base that this legislation can lead to unintended consequences for the taxpaying homeowner base and feel strongly that this legislation is an inappropriate response to the issue. Lakewood knows and appreciates that you will stand on the side of Ohio's cities and for fairness in tax collection. We ask that you please share our concerns with your colleagues and oppose HB 519. If you would like to discuss the City of Lakewood's situation further, please contact me at 216-529-6601.

Sincerely,



Meghan F. George
Mayor



Peter M. Rancatore, Jr.
Director of Finance

CC: House Ways and Means Committee