

49th House District

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**Jim Thomas**  
State Representative

Chair Roemer, Vice-Chair Merrin, Ranking Member Troy, and members of the House Ways and Means Committee. Thank you for the opportunity to testify on House Bill 105, reintroduced from the previous General Assembly. This legislation puts into place much-needed protections for taxpayers against excessive late penalties and notices.

I was first notified of this issue by a person who was being charged excessive late fees, despite them owing zero tax. After conducting further research, I found that under current law, municipal income tax penalties are a firm dollar amount (\$25) for each month a taxpayer fails to file a required return, up to \$150 for each return. This does not account for the actual amount of tax owed, it only penalizes taxpayers for not filing, even if they owe little to no tax.

Further, I found that municipalities or the Ohio Department of Taxation may send notice to a taxpayer regarding a late return even if the taxpayer has already filed for an extension. At best, this is an annoyance. At worst, this could create confusion for taxpayers who have received an extension. These practices do not treat our taxpayers with respect, which is why I have reintroduced House Bill 105.

House Bill 105 makes two simple changes to municipal income tax law. First, when a taxpayer receives an extension, the bill prohibits a municipal tax administrator or the Commissioner from sending any inquiry or notice regarding the return until after either the taxpayer files the return or the extended due date passes. Second, it places a cap on late filing penalties equal to fifty percent (50%) of the tax owed if that amount is less than \$150. Therefore, penalties are proportional to the tax owed and no taxpayer can be charged more than their tax liability in fees and penalties. I believe this arrangement would be fairer for taxpayers than the current law.

I hope that the committee will view these proposed changes favorably.

Chairman Roemer, and members of the committee, thank you again for the opportunity to testify on House Bill 105. I welcome any questions you may have.