



OHIO CHAMBER OF COMMERCE

Liz Baumgartner, Director of Economic Development and Tax Policy

Ohio Chamber of Commerce

Proponent Testimony – House Bill 503

November 5, 2025

Chairman Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the Ohio House Ways and Means Committee, thank you for the opportunity to provide proponent testimony on House Bill 503 (HB 503). My name is Liz Baumgartner, and I am the Director of Economic Development and Tax Policy for the Ohio Chamber of Commerce.

For 132 years, the Ohio Chamber has served as the state’s leading business advocate and represents over 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness, and growth for the benefit of all Ohioans.

HB 503 adds transparency and fairness to Ohio’s municipal income tax system by requiring voter approval of any change to a city’s reciprocity credit. It also allows voters to initiate changes to their reciprocity credit through petition, ensuring that the people directly affected by these changes have a voice in the decision. HB 503 would ensure a more stable tax environment, allow companies to plan ahead, retain skilled workers, and stay competitive in Ohio’s job market.

Ohio is one of just 11 states that allow municipalities to tax individuals both where they live and where they work. Unfortunately, in Ohio, however, credits are optional and vary widely from city to city. Currently, city councils may modify or eliminate reciprocity credits through local ordinance without voter approval. Some municipalities provide no credit at all for taxes paid to another jurisdiction, double taxing their residents and acting as a disincentive for businesses to move to our state.

[The Ohio Tax Benchmarking Analysis](#) conducted by the Ohio Chamber Research Foundation and Ernst Young found in its compliance survey findings that Ohio’s municipal income tax is, by far, the most burdensome and costly tax to administer in Ohio. From a business perspective, unpredictable changes to reciprocity credits create administrative challenges and compliance costs. Employers must track multiple municipal tax rules, adjust payroll systems, and respond to employee questions and refund requests. HB 503 adds predictability, helping businesses plan long-term, retain talent and remain competitive in Ohio’s workforce market.

By requiring voter approval before changes take effect, HB 503 provides greater predictability for families, stability for employers, and accountability for local governments. Cities and villages will

still retain full authority to propose changes to their reciprocity credits, but now with voter consent.

While House Bill 503 is an important first step towards fairness and transparency, the Ohio Chamber's long-term preference is to see a full, 100% reciprocity credit required in law, with voter approval to adjust downwards. This would create uniformity across all Ohio municipalities, eliminate the risk of double taxation for workers, and strengthen the state's competitiveness for businesses and employees alike.

We thank the sponsors of this bill for introducing this legislation and the committee for your consideration. I would be happy to answer any questions from the committee at this time.