



Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and Members of the Ohio House Ways and Means Committee:

Thank you for the opportunity to share our perspective on Substitute House Bill 503. On behalf of the Northeast Ohio Mayors and City Managers Association and the Cuyahoga County Mayors and City Managers Association, which represents over 125 communities in 10 counties, including Cleveland and Akron, we appreciate the Committee's thoughtful consideration of legislation affecting Ohio's taxpayers and local governments. Our members are responsible for day-to-day governance in their communities, including public safety, budgeting, and service delivery, and we offer these comments in the spirit of collaboration and shared problem-solving.

First and foremost, we want to acknowledge a principle reflected in this legislation that we fully share: Ohio's taxpayers have an important interest in how they are taxed and how local revenues are used. Local officials take that responsibility seriously. Decisions involving municipal income taxes—including reciprocity credits—are among the most challenging choices local leaders make and are often preceded by significant public discussion and council deliberation. Our concerns with House Bill 503 are not about avoiding voter input, but about the practical effects this bill would have on local governments' ability to function responsibly and efficiently.

For most Ohio cities and villages, the municipal income tax is the largest source of operating revenue. These funds support core services residents expect every day, particularly police, fire, emergency response, road maintenance, and infrastructure. Public safety alone represents the largest share of most municipal budgets, and costs continue to rise due to staffing needs, training, equipment, healthcare, and pension obligations—many of which are set at the state level. Municipal leaders must be able to respond to these pressures in a timely and fiscally sound manner.

House Bill 503 would change how municipalities manage a narrow but important component of the income tax system by requiring voter approval for any creation, modification, or repeal of a reciprocity credit. While this may seem limited in scope, in practice it would add delay and uncertainty to decisions that are often technical in nature and closely tied to the annual budget process. Even modest changes could be pushed out for months, making tax policy more political and less flexible.

Under current law, municipal councils have the authority to make these decisions through ordinances and resolutions adopted in public meetings. That authority exists alongside long-standing protections for voters, including the right to challenge or overturn council action through initiative and referendum. HB 503 would not replace those safeguards; instead, it would add a mandatory approval step before local decisions could take effect. In our view, this creates a slower and more complicated process without a clear demonstration that such a change is necessary.

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Over the past decade, municipalities have absorbed the loss of tangible personal property tax replacement revenues, permanent reductions to the Local Government Fund, the repeal of the estate tax, and multiple rounds of municipal income tax reform. More recently, proposals affecting property tax revenues have added additional uncertainty. Each change on its own may be manageable, but together they limit local flexibility and complicate long-term planning.

Moreover, House Bill 503 also raises practical questions about how its requirements would apply in common budgeting situations. For example, a municipality may ask voters to approve an increase in its income tax rate without intending to change its reciprocity credit structure. In that case, the credit percentage and rate limit remain the same, but the practical effect for some taxpayers could feel like a reduction because the credit cap does not rise with the tax rate. It is unclear whether that outcome would be considered a change to the amount of the credit under the bill, and if so, how a ballot question would be structured. This type of uncertainty makes routine fiscal planning more difficult for local governments and election officials alike.

Mandatory voter approval for changes to reciprocity credits may further constrain municipalities' ability to manage their budgets responsibly. Financial decisions often must align with annual budget deadlines, labor agreements, and contractual obligations. Requiring additional election-related steps—even when no policy change is intended—could delay necessary actions and increase administrative burdens, particularly for smaller communities with limited staff.

Our Association firmly believes that Ohio's cities and villages are careful stewards of taxpayer dollars. Local officials are accountable to their residents. When communities do seek voter approval for tax changes, those requests are driven by clearly identified service needs and long-term sustainability.

Furthermore, we share the General Assembly's goal of maintaining a competitive, fair, and predictable tax environment for residents and employers. Cities are essential to Ohio's economic success, providing the infrastructure, public safety, and quality of life that support growth. Preserving reasonable local flexibility is critical to sustaining those investments while remaining accountable to taxpayers.

For these reasons, we respectfully ask the Committee to pause further consideration of House Bill 503 and to continue working with local government leaders to ensure that any changes to municipal tax policy achieve their intended goals without unintended consequences.

Thank you for the opportunity to provide this perspective. We would be happy to serve as a resource to the Committee as these discussions continue.

Respectfully submitted,



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