



June 1, 2017

The Honorable Scott Oelslager
Chairman, Finance Committee
Ohio Senate
First Floor North, Rm. 127
Columbus, OH 43215

RE House Bill 49 – Centralized Tax Collection Reform

Dear Chairman Oelslager:

Historically Ohio has had one of the country's most administratively burdensome taxing structures, mostly attributable to Ohio's local income tax system. Ohio is one of a handful of states that taxes both individuals and businesses at the local level and the only state in which each municipal corporation makes its own rules and regulations. The administrative cost in time and money puts Ohio at a disadvantage compared to its peer states and diverts Ohio manufacturers' resources from productive activity.

In the past, The Ohio Manufacturers' Association (OMA) has advocated that Ohio adopt a consolidated and streamlined municipal income tax code that would create a uniform statewide standard. Despite the good progress made in House Bill 5 (130th General Assembly), Ohio's municipal tax system remains costly and cumbersome to manufacturers as they are still required to comply with a myriad of different local tax systems.

A provision in House Bill 49 and a recent proposal by the Ohio Department of Taxation would make Ohio's municipal income tax system simpler and more predictable, both important characteristics of a competitive tax system. There are two items in particular that manufacturers support. First, the bill proposes to eliminate the "throwback" rule. This outdated rule discourages economic development and puts Ohio cities at a competitive disadvantage for attracting business investment. Second, the OMA supports the recent amendment proposal from the Ohio Department of Taxation which proposes to minimize compliance costs associated with filing in multiple jurisdictions. The amendment, which would centralize collection and administration for business filers, would significantly reduce the time and cost associated with multiple net profit return filings. The proposal is not mandatory and would still allow businesses to file directly with cities if they so choose.

These important reforms of Ohio's municipal income tax system will help increase Ohio's overall competitiveness. If you wish, please contact me at (614) 629-6814 or rbrundrett@ohiomfg.com to discuss further. Thank you for your work on this important bill.

Sincerely,

Robert Brundrett
Director, Public Policy Services