



NORTHWOOD DEPARTMENT OF TAXATION

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The Honorable Derek Merrin
Chairman
House Ways and Means Committee

February 28, 2022

Dear Chairman Merrin,

Thank you for the opportunity to write in opposition of HB 519.

HB 519 has two parts. The first part would prohibit municipal tax administrators from sending notices prior to the October extension due date if the taxpayer receives an extension and requires that if a municipal tax administrator sends a notice to a taxpayer who has received an extension, the municipality must reimburse the taxpayer for "reasonable costs" associated with responding to the notice.

In the bill, "reasonable costs" are not defined and it is not clear how these costs will be determined, making municipalities vulnerable to both unknown financial impacts and litigation that would cost taxpayer dollars. Furthermore, municipalities with populations of less than 250,000 do not have access to IRS records and cannot know if a federal extension has been filed.

Notices from municipal tax offices can help reduce the late filing fee for people who forgot to file. In municipalities that do not send notices prior to the October extension due date, taxpayers have stated that they would have wanted to receive notices as penalties and interest had been accruing during the extension period. These notices enable municipal tax offices to offer good customer service.

The second part of the bill eliminates the penalty for not filing a legally required tax return if the taxpayer does not have a tax balance. Municipalities must be able to enforce the accurate and fair administration of the municipal income tax because municipalities rely heavily on this revenue source, 70% of which funds police and fire services.

Without a penalty, municipalities will not be able to enforce mandatory filing. Some taxpayers will not file a return when mandated unless there is a monetary fee to enforce filing. Municipalities must be able to enforce mandatory filing for all taxpayers in order to be consistent, uniform, and fair to all taxpayers.

Taxpayers are currently able to ask a municipal tax administrator to waive these penalties and many municipalities will waive the late fee when asked if the taxpayer is not a habitual late filer. This demonstrates the value of local tax offices, as municipalities will work with taxpayers to resolve these issues.

Thank you for your consideration of our concerns.

Respectfully,

Andrew Tepper, MSA
Tax Compliance Auditor
City of Northwood, OH