



## TESTIMONY TO THE HOUSE WAYS AND MEANS COMMITTEE

### OPPONENT TESTIMONY

HB 519

March 8, 2022

Chair Merrin, Vice Chair Reidel, Ranking Member Sobecki, and members of the House Ways and Means Committee, my name is Kent Scarrett and I am the Executive Director of the Ohio Municipal League. On behalf of our 730 members, thank you for the opportunity to testify on our concerns about HB 519.

As currently drafted, HB 519 would prevent municipalities, who require mandatory filing for municipal tax purposes, from applying late fees on those taxpayers who fail to file, even though there may be no municipal income tax assessed. Additionally, the legislation would take away the ability of tax administrators to communicate with taxpayers through delinquency notices and reminders to a resident if a filing has not been received prior to the October extension due date.

The League is concerned that the current language of the legislation will significantly weaken municipalities' ability to enforce compliance with their community's tax regulations ultimately challenging the effectiveness of the community's largest revenue source. Municipalities must be able to have an enforcement mechanism associated with all aspects of compliance adequate enough to ensure accurate and fair administration of the municipal income tax, thus protecting all taxpayers. Without a monetary penalty, municipalities will not be able to adequately enforce filing requirements equally applied to all taxpayers.

In the vast majority of instances where a taxpayer is alerted of a non-filing situation, the taxpayer contacts their municipal tax administrator to explain the situation and if requested, the administrator will waive the penalties and late fee, especially if the taxpayer is not a habitual late filer. Municipalities value the services they provide taxpaying customers and municipal tax offices work with residents daily on a wide range of issues to resolve questions or challenges such as these.

The bill would also require municipalities to pay taxpayers “reasonable costs” for certain notices deemed to be sent in error, which could expose municipalities to unknown financial impacts and possible litigation.

Municipalities with populations below 250,000 do not receive communication from the IRS that a taxpayer has received a federal extension which automatically extends the filing date for their municipal tax filing, so if an extension has been granted, the municipality is unaware of it. Municipal tax administrators send reminders and notices to alert residents that there is an outstanding obligation to make the filing or to follow up with their preparer if they believe a filing has already been made so that penalties and fees can be avoided and the compliance issue resolved.

The League believes that stripping our cities and villages of this basic communication tool does not compliment the goals of effective customer service and that this important communication between a taxing entity and the taxpayer should be preserved.

Chairman Merrin and members of the House Ways and Means Committee, thank you for your consideration of our concerns. I am happy to answer any questions you may have.