



DIVISION OF TAXATION

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Office of State Rep. Derek Merrin
Chair of Ohio House Ways and Means Committee

March 7, 2022

House Bill 519 Written Opponent Testimony ***House Ways & Means Committee Hearing – March 8, 2022***

Chairman Merrin:

Thank you for the opportunity to share with you and members of the Ohio House Ways and Means Committee the points of concern that brings our opposition to HB 519.

There are three aspects of HB 519 that are troublesome for municipalities. The first part of the bill seeks to eliminate the ability of municipalities to apply a late penalty fee on municipal taxpayers for failure to file a required tax return if the taxpayer does not have a tax balance. This enforcement mechanism allows municipalities across the State to ensure accurate and fair administration of their municipal income tax. Without this monetary penalty, municipalities will not be able to adequately enforce the filing requirements without taking additional measures allowed under the law.

In the vast majority of instances where a taxpayer is alerted of a non-filing situation, the taxpayer contacts our office to explain the situation and if requested, the tax administrator will waive the late fee, especially if the taxpayer is not a habitual late filer. It is important to note that the late filing penalty was made uniform and capped at the \$150.00 under HB 5. Prior to that, there were instances where some municipalities had late filing penalties that had no cap, and would continue to accrue for the period up to the filing of the tax return.

The second part of HB 519 that would be troublesome is prohibiting municipal tax administrators from sending notices to a resident if a filing has not been received prior to the October extension due date. Municipalities are generally not aware of an extension that is filed by a taxpayer. Municipalities send reminders and notices to alert taxpayers 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 can be avoided and the compliance issue resolved. We believe 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.



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The third part of HB 519 that concerns us is the inclusion of language that would allow for the reimbursement of expenses incurred by the taxpayer if a reminder or notice is sent before the extension deadline. Not only would this result in an additional financial burden for municipalities, it would also create a deterrent in accomplishing important delinquency work as a taxing agency.

Mr. Chairman and members of the Ohio House Ways and Means Committee, thank you for your consideration of our concerns.

Kevin Preslan, CPA, JD

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