

CITY OF OBERLIN, OHIO

RESOLUTION NO. R17-07 CMS

A RESOLUTION STRONGLY OPPOSING THE STATE OF OHIO GOVERNOR'S PROPOSED 2017-2018 BUDGET, WHICH PROPOSES CENTRALIZED COLLECTION OF NET PROFIT TAX RETURNS AND OTHER PROVISIONS RELATED TO THE MUNICIPAL INCOME TAX WHICH WILL CAUSE A SUBSTANTIAL LOSS OF REVENUE NEEDED TO SUPPORT THE HEALTH, SAFETY, WELFARE AND ECONOMIC DEVELOPMENT EFFORTS OF OHIO MUNICIPALITIES AND DECLARING AN EMERGENCY

WHEREAS, the Mayor and Council of the City of Oberlin have been advised of a proposal by Ohio Governor Kasich and his administration to institute a state-operated program for the centralized collection of Ohio Municipal Income Tax; and

WHEREAS, the proposal for a state takeover of the collection of the municipal income taxes of municipal corporations such as the City of Oberlin is a clear attack on the home rule powers granted to municipal corporations under Section 3 of Article XVIII of the Ohio Constitution; and

WHEREAS, municipalities have, and will continue to provide the personal service and assistance to its taxpayers in the preparation and filing of their tax reports and returns more efficiently, immediately, and scrupulously than the state; and

WHEREAS, only municipalities can ensure the prompt and proper auditing of local tax returns to ensure all applicable deductions and declarations are reported, thus also ensuring that all taxpayers pay their fair share without causing higher costs of compliance for all, and they must be able to do so without the burdensome and costly restrictions included in the Governor's budget proposal created with the only purpose being to restrict municipalities from correcting / auditing business return filings or making assessments; and

WHEREAS, provisions in this proposal will hamper municipalities' ability to audit and correct municipal income tax business returns, and to equitably enforce the municipal income tax laws, as they have been crafted as a vehicle to control the administrative process of municipal income tax to the benefit of specific taxpayer interests; and

WHEREAS, the proposal for a state takeover of the collection of the municipal income tax also includes a provision that would eliminate the portion of the Business Allocation Formula's sales factor, known as "throwback", substantially reducing reportable tax revenue to municipalities with warehouses, distribution centers, and any business providing online sales; and

WHEREAS, the municipal income tax is the single largest revenue source which provides essential municipal services, promoting a positive quality of life that residents and businesses alike rely upon, and any forced reduction in this revenue will have a negative impact on residents and businesses, creating an environment detrimental to retaining and attracting business in Ohio; and

WHEREAS, the recent reduction in the Local Government Fund, elimination of Estate Tax, and accelerated phase-out of promised reimbursement for loss of revenues due to the repeal of the Tangible Personal Property Tax all have resulted in a loss of revenue to the City of Oberlin from 2012 through 2016, between \$2.7 to \$3.2 million; and

WHEREAS, as the City of Oberlin is the home of one of the Federal Aviation Administration's 22 national Air Route Traffic Control Centers, the host of the regional municipal court district and home to Oberlin College, the City of Oberlin's fiscal position and economic health are vital to the safety and security of our community, institutions and government operations; and

WHEREAS, the City of Oberlin vehemently objects to this latest attack on municipal home rule under consideration by the state of Ohio and urges all municipal corporations to make it clear to the Governor and General Assembly that this proposed usurpation of constitutionally-granted local municipal power shall not take place without a vigorous legal challenge by affected municipal corporations;

NOW, THEREFORE, be it resolved by the Council of the City of Oberlin, County of Lorain, State of Ohio, a majority of all members elected thereto concurring:

SECTION 1. The City of Oberlin does hereby formally urge the Ohio General Assembly to request the immediate removal of all language pertaining to municipal income tax collection and administration, and to promote upcoming changes to the Ohio Business Gateway as a solution for businesses to file municipal income tax returns in a more simple and efficient manner, with the Ohio Business Gateway continuing to act only as a portal to remit payments and filing information directly to municipalities, and not to the Ohio Department of Taxation for processing.

SECTION 2. The City of Oberlin does hereby formally urge the Ohio General Assembly to preserve and safeguard the "throwback" provision of the Business Allocation Formula for municipal income tax purposes to ensure a uniform, fair, and equitable imposition of tax among taxing jurisdictions.

SECTION 3. That the Clerk of Council is hereby authorized and directed to forward a certified copy of this Resolution to Governor John R. Kasich of the State of Ohio, to the clerk of the Ohio House of Representatives and request that he forward a copy to each of the duly elected State Representatives and also forward a certified copy of this Resolution to the clerk of the Ohio Senate and request that he forward a copy to each of the duly elected State Senators

SECTION 4. It is hereby found and determined that all formal actions of this Council concerning or relating to the adoption of this resolution were adopted in an open meeting of this Council and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 5. That this Resolution is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health and safety of the citizens of the City of Oberlin, Ohio, or to provide for the usual daily operation of a municipal department, to wit: to preserve the financial resources of the City of Oberlin in order to provide for the critical municipal services for the citizens, institution, businesses and visitors of the City of Oberlin, Ohio, and for timely adoption of this Resolution in order to encourage the state legislature to remove certain provisions from the proposed state budget, and shall take effect immediately upon passage.

PASSED: 1st Reading : April 4, 2017 (E)

2nd Reading: _____

3rd Reading: _____

ATTEST:



BELINDA B. ANDERSON, MMC
CLERK OF COUNCIL



RONNIE J. RIMBERT
PRESIDENT OF COUNCIL

POSTED: 04/04/2017

EFFECTIVE DATE: 04/03/2017