

3/13/2017 – 10:30 a.m.

RESOLUTION NO. 20– 2017

Offered by All of Council

**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 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 collection of the municipal income taxes of municipal corporations such as the Village of Richfield is a clear attack on the home rule powers granted to municipal corporations by the Ohio Constitution; and

WHEREAS, municipalities can and will provide more efficiently, immediately, and scrupulously than the state, the personal service and assistance to its taxpayers in the preparation and filing of their tax reports and returns; 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 must be able to do so without burdensome and costly restrictions included in the Governor's budget proposal created with the only purpose of restricting 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, to equitably enforce the municipal income tax laws and has 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 collection of the municipal income tax also includes a provision that would eliminate portion of the sales factor, known as "throwback", substantially reducing reportable tax revenue to municipalities with warehouses, distribution centers, and any business providing online sales; and

WHEREAS eliminating the heretofore uniformly applied "throw back" provision of the municipal Business Allocation Formula abandons the Uniform Division of Income for Tax Purposes Act of 1957 (UDIPTA), on which the municipal Business Allocation Formula was originally based, and which remains the standard for Ohio and the United States; and

WHEREAS the elimination of the "throwback" provision deliberately and flagrantly disregards the "Principle of 100 Percent Taxability" upon which the Controllers' Institute of America and the Council of State Governments based UDIPTA, to the detriment of local income tax collections and administration; and

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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 from 2009 through 2016 of approximately \$1,240,000; and

WHEREAS, as the County Seat of Summit County, the Village of Richfield's fiscal position and economic health are vital to the County of Summit and directly impact the county's fiscal position and economic strength; and,

WHEREAS, the Village of Richfield strenuously 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 Village of Richfield, Ohio that:

Section 1. The Village of Richfield 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 should 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 Village of Richfield 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 as designed and intended by the Controllers' Institute of America and the Council of State Governments to ensure a uniform, fair, and equitable imposition of tax among several taxing jurisdictions as it has been for nearly sixty (60) years, and has been recommended by the Council of State Governments for equally as long.

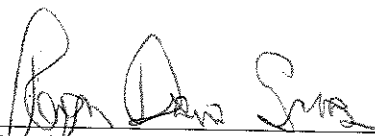
Section 3. This Resolution is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare and for the further reason that the City must maintain revenue levels without threat of assault via legislation proposed by the Ohio General Assembly; therefore, this Resolution shall be in full force and effect immediately upon its adoption by Council.


Section 4. The Clerk of Council be and hereby is authorized and directed to send a certified copy of this Resolution to Governor Kasich, Representative Slaby, Senator LaRose and the Chairman of the Senate Finance Committee, Senator Oleslager.

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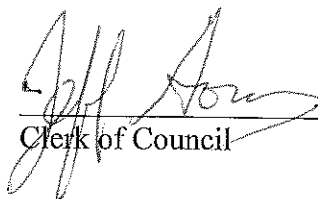
Passed :

3-21-17

  
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President of Council

  
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Mayor

ATTEST:

  
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Clerk of Council

Dated:

3-21-17

