

BRUNSWICK CITY FINANCE COMMITTEE

Agenda **MARCH 13, 2017** **6:15 PM**

1. Discussion Items
 - (a) **RES. NO. 22-17** - An emergency resolution strongly opposing the State of Ohio Governor's proposed 2017-2018 Budget, which proposes centralized collection of net profit tax returns which will cause a loss of revenue needed to support the health, safety, welfare and economic development efforts of Ohio municipalities - **1st Reading** (To be brought from Finance Committee, *Administration/Vice Mayor Hanek*)
2. General Discussion
3. Adjournment

THE CITY OF BRUNSWICK

PROPOSED LEGISLATION



DATE: 03/13/2017

TO: Vice Mayor Patricia Hanek and Members of City Council

FROM: Carl S. DeForest, Acting City Manager

COPY: Mayor Ron Falconi

LEGISLATION: **RES. NO. 22-17** - An emergency resolution strongly opposing the State of Ohio Governor's proposed 2017-2018 Budget, which proposes centralized collection of net profit tax returns which will cause a loss of revenue needed to support the health, safety, welfare and economic development efforts of Ohio municipalities - **1st Reading** (To be brought from Finance Committee, Administration/Vice Mayor Hanek)

BACKGROUND: The proposal of State takeover of collection of municipal income taxes is an attack on home rule powers granted to the municipal corporations. With the recent reduction in LGF, elimination of Estate Tax and accelerated phase-out of promised reimbursement for loss of revenues due to the repeal of Tangible personal Property Tax have all resulted in an approximate maximum loss of revenue of \$725,000 annually. Municipal income tax is the single largest revenue source, which provides services, a positive quality of life for residents and businesses and any forced reduction in this revenue will have a negative impact on residents, creating an environment detrimental to retaining and attracting business in Ohio.

PURPOSE AND EXPLANATION: To oppose the Governor's proposed 2017-18 Budget to institute a state-operated program for the centralized collection of Ohio Municipal Income Tax.

IMPLEMENTATION SCHEDULE: Adopt this resolution on March 13, 2017 as an emergency with the suspension of the rules.

FINANCIAL INFORMATION:

FINANCIAL SUMMARY:

RECOMMENDED ACTION:

One Reading	Yes
Two Readings	No
Three Readings	No
Emergency	Yes
Suspension of Rules	Yes

If emergency or suspension of the rules, why the request?

Adopt on first reading as an emergency with the suspension of the rules.

**ADDITIONAL
INFORMATION:**

CITY OF BRUNSWICK, OHIO

RESOLUTION NO. 22-17

BY: Mrs. Hanek, Mr. Johnson and Mr. Salzgeber

AN EMERGENCY RESOLUTION STRONGLY OPPOSING THE GOVERNOR OF THE STATE OF OHIO'S PROPOSED 2017-2018 BUDGET, WHICH PROPOSES CENTRALIZED COLLECTION OF NET PROFIT TAX RETURNS AND, IF ADOPTED, WILL RESULT IN A LOSS OF REVENUE NECESSARY TO SUPPORT THE HEALTH, SAFETY, WELFARE AND ECONOMIC DEVELOPMENT EFFORTS OF OHIO MUNICIPALITIES.

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 municipal income taxes;

WHEREAS: The proposal for a state takeover of collection of the municipal income taxes of municipal corporations such as City of Brunswick is a clear attack on the home rule powers granted to municipal corporations by the Ohio Constitution;

WHEREAS: The City of Brunswick 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 home rule municipal power shall not take place without a vigorous legal challenge by affected municipal corporations;

WHEREAS: The recent reduction in the Local Government Fund, elimination of the Estate Tax and accelerated phase-out of promised reimbursement for loss of revenues due to the repeal of the Tangible Personal Property Tax have all resulted in an approximate maximum loss of revenue of \$725,000 annually;

WHEREAS: The City of Brunswick has and continues to desire to provide the personal services and assistance to its taxpayers and businesses in the preparation and filing of their municipal income tax reports and returns;

WHEREAS: Only municipalities can ensure the prompt and proper auditing of local municipal income 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 municipal income tax return filings or making assessments;

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

WHEREAS: THE COUNCIL OF THE CITY OF BRUNSWICK HEREBY RESOLVES:

Section 1: The Ohio General Assembly should request the immediate removal of all language pertaining to municipal income tax collection and administration in the Governor's 2017-2018 budget 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: 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 to timely provide notice to the Ohio General Assembly of the objections contained herein. Therefore, the same shall be in full force and effect from and after its passage by the required number of votes or from the earliest time allowed by law.

PASSED: 1st Reading _____
2nd Reading _____
3rd Reading _____

ADOPTED: _____ AYES _____ NAYS _____

ATTEST: _____

Barbara J. Ortiz, CMC, Clerk of Council