



GOPC Seeks to Extend 133-HB197's Pandemic Municipal Tax Law through 2023

The General Assembly should pass legislation allowing municipalities -- until March 2023 -- to continue collecting income taxes from employees who are not physically working in the taxing jurisdiction of their employer due to the COVID-19 pandemic, according to the Greater Ohio Policy Center (GOPC).

Gov. Mike DeWine should also create a task force to study how the pandemic has affected the municipal income tax system, GOPC Senior Manager of Special Projects Erica Spaid Patras said during GOPC's webinar laying out the organization's 2021 public policy platform.

"This will ensure thoughtful, equitable solutions are proposed," Patras said, noting that her organization is specifically asking lawmakers to extend the municipal income tax policy passed in 133-HB197 (Powell-Merrin) through March 2023 while the task force examines the issue. "This date certainty will allow the marketplace time to react to life after COVID, and give the task force and interested parties time to learn what the future holds for Ohio and its workforce."

GOPC is also seeking a freeze on the possibility of refunds to individuals through the life of the HB197 provision extension, she said.

"When the legislation to repeal the 20-day rule freeze was originally introduced, GOPC tested the impact of this proposed change with a high-level estimate, and we determined that over 70 percent of the 22 largest jurisdictions in Ohio would experience a significant net loss in municipal income tax revenue," Patras said. "We estimate it would cause a net decrease of \$306 million in total revenue to Ohio's six largest cities alone."

Patras also cited the Ohio Regional Income Tax Agency's (RITA) analysis of the policy, which she said went into even further detail than GOPC's September 2020 analysis.

"[They] found that 85 percent of the 300 municipalities they serve could anticipate a net revenue loss," Patras said.

"Based on our research, we know that efforts to repeal the suspension of the 20-day rule are shortsighted, and mortally jeopardize Ohio's economic competitiveness," she continued. "These efforts threaten the ability of Ohio's largest economic centers to pay debt service on past strategic investments, envision future ones and maintain critical services, thereby hampering their ability to drive economic growth, retain existing employers and attract new ones. It would also set off a cascade of unintended consequences through Ohio's tax system, and undo at least 60 years of precedent in Ohio's tax policy. Without a comprehensive restructuring to address its consequences, repealing the 20-day rule would be devastating to the financial health of Ohio's cities, and thus the state."

The repeal bills introduced last General Assembly, which GOPC opposes, were 133-HB754 (Jordan) and 133-SB352 (Roegner). The Buckeye Institute has filed a lawsuit against the city of Columbus and the state over the municipal income tax provisions in HB197, which GOPC has also criticized. (See The Hannah Report, 7/14/20.)

Responding to a question from Hannah News on why GOPC is seeking a gubernatorial task force instead of a legislative task force, GOPC Executive Director Alison Goebel said her

organization and the Ohio Mayors Alliance believe a task force set up by the DeWine administration would be the most effective way to study the issue.

“A gubernatorial task force would provide the opportunity for the governor to appoint critical agency leaders to the task force, and really encourage those leaders and their departments to really participate in the much-needed conversation. This is a very complicated issue,” Goebel said. “We think that there might must be more ‘oomph’ and importance given if it’s a gubernatorial-led task force.”

Goebel said they haven’t put a target date on when they’d like to see recommendations from a potential task force.

“But obviously we don’t want this dragging on forever. My guess, too, is that lawsuits might expedite that timeline,” Goebel said.

Other planks of GOPC’s 2021 policy platform include the following:

- Dedicate more than \$40 million in liquor profits annually to fund the Clean Ohio Revitalization Fund, addressing brownfields.
- Preserve Ohio’s existing transportation infrastructure and provide state and federal flex funding to public transit agencies.
- Invest in broadband to ensure rural Ohioans and the underserved population in urban areas obtain access to high-speed Internet.
- Continue providing funding for rental assistance programs to ensure housing stability for Ohioans during the pandemic.

GOPC’s 2021 platform and its September 2020 municipal income tax analysis are available at www.hannah.com >Important Documents & Notices>Library.

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