

CITY OF FRANKLIN, OHIO
RESOLUTION 2017-16

STRONGLY OPPOSING THE OHIO GOVERNOR'S PROPOSED 2017-2019 BUDGET, WHICH PROPOSES CENTRALIZED COLLECTION OF MUNICIPAL NET PROFIT TAX RETURNS AND OTHER PROVISIONS RELATED TO MUNICIPAL INCOME TAXES THAT WILL CAUSE A SUBSTANTIAL LOSS TO MUNICIPAL REVENUES NEEDED TO SUPPORT THE HEALTH, SAFETY, WELFARE AND ECONOMIC DEVELOPMENT EFFORTS OF OHIO MUNICIPALITIES

WHEREAS, this Council has 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 Taxes;

WHEREAS, the Governor's proposal for a state takeover of collection of the municipal income taxes of Ohio municipal corporations such as the City of Franklin is a clear attack on the home rule powers granted to municipal corporations by the Ohio Constitution;

WHEREAS, the Governor's proposal also includes a provision that would eliminate a 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;

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

WHEREAS, the State of Ohio's 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 have already resulted in a detrimental loss of revenue to the City of Franklin;

WHEREAS, Ohio municipalities have, can and will continue to provide the personal service and assistance to its taxpayers in the preparation and filing of their tax reports and returns that cannot be matched by the State of Ohio;

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

WHEREAS, the provisions of the Governor's proposal will hamper Ohio municipalities' ability to audit and correct municipal income tax business returns and to equitably enforce their municipal income tax laws, and was intentionally crafted as a vehicle for the State Department of Taxation to control the administrative process of municipal income tax to the benefit of specific taxpayer interests;

WHEREAS, due to the State's repeated and punitive actions against Ohio municipalities through State-controlled sources of municipal revenues including, but not limited to, cuts to Local Government Funds, elimination of the Estate Tax, and the accelerated phase-out of promised reimbursement for lost revenues due to the repeal of the Tangible Personal Property Tax, municipal income taxes have become the single, largest revenue source from which Ohio municipalities provide essential municipal services (including

police protection, fire and EMS services, maintenance of streets and other municipal utilities), thereby promoting a positive quality of life that Ohio's residents and businesses alike rely upon; and

WHEREAS, the Governor's proposal is a forced reduction in this largest revenue source for Ohio's municipalities, which will have a negative impact on residents and businesses, thereby creating an environment detrimental to retaining and attracting business in Ohio;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Franklin, Ohio, a majority of members present concurring, that:

Section 1. The Ohio General Assembly should request the immediate removal of all language pertaining to the State Department of Taxation's unconstitutional usurpation of municipal income tax collections and administration from the Governor's proposed 2017-2018 budget, and should promote 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 Ohio municipalities, and not to the Ohio Department of Taxation, for processing.

Section 2. The Clerk of Council shall forward certified copies of this Resolution to State Representative Scott Lipps, State Senator Steve Wilson, Speaker of the House Cliff Rosenberger, Senate President Larry Obhof, and the Ohio Municipal League.

Section 3. It is found that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council that resulted in this formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code, and the Rules of Council.

Section 4. This Resolution shall become effective immediately upon its passage.

ADOPTED: March 6, 2017

ATTEST: Jane McSee
Clerk of Council

APPROVED: [Signature]
Mayor

CERTIFICATE

I, the undersigned Clerk of Council for the Franklin City Council, do hereby certify that the foregoing is a true and correct copy of Resolution 2016-16 passed by that body on March 6, 2017.

Jane McSee
Clerk of Council