

**VILLAGE OF CARROLLTON, OHIO
RESOLUTION NO. 2017-15**

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

Whereas, the Mayor and Council of the Village of Carrollton 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 Village of Carrollton 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 can and will 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, by eliminating the uniformly applied "throwback" provision of municipal Business Allocations, Ohio abandons the Uniform Division of Income for Tax Purposes Act of 1957 (UDIPTA), on which the municipal Business Allocation Formula originally was based, and which remains the standard for Ohio and the United States; and

Whereas, the elimination of the "throwback" provision, to the detriment of local income tax collections and administration, 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; 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 Village of Carrollton; and

Whereas, the Village of Carrollton 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 Carrollton, Ohio that:

Section 1. The Village of Carrollton 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 Village of Carrollton 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. The Clerk of Council be and hereby is authorized and directed to send a certified copy of this Resolution to Governor Kasich, Representative Thompson and Chairman of the Senate Finance Committee, Senator Oelslager.

Passed the 13th day of March, 2017.

Attest:

/s/ Darla Tipton
Darla Tipton, Clerk-Treasurer

/s/ William J. Stoneman
William J. Stoneman, Mayor

Published on the Village of Carrollton website from March 15, 2017 thru December 31, 2017

