



March 7, 2017

The Honorable Tim Schaffer
Chairman, Ways and Means Committee
Ohio House of Representatives
77 S. High St., 11th Floor
Columbus, OH 43215

RE House Bill 49 – Centralized Tax Collection Reform

Dear Chairman Schaffer:

Historically Ohio has had one of the country's most administratively burdensome taxing structures, mostly attributable to Ohio's local income tax system. Ohio is one of a handful of states that taxes both individuals and businesses at the local level and the only state in which each municipal corporation makes its own rules and regulations. The administrative cost in time and money puts Ohio at a disadvantage compared to its peer states and diverts Ohio manufacturers' resources from productive activity.

In the past, The Ohio Manufacturers' Association (OMA) has advocated that Ohio adopt a consolidated and streamlined municipal income tax code that would create a uniform statewide standard. Despite the good progress made in House Bill 5 (130th General Assembly), Ohio's municipal tax system remains costly and cumbersome to manufacturers as they are still required to comply with a myriad of different local tax systems.

House Bill 49 would make Ohio's municipal income tax system simpler and more predictable, both important characteristics of a competitive tax system. The bill does two things in particular that manufacturers support. First, the bill seeks to minimize compliance costs associated with filing in multiple jurisdictions. The governor's proposal to centralize collection and administration for business filers would significantly reduce the time and cost associated with multiple net profit return filings. Second, the bill proposes to eliminate the "throwback" rule. This outdated rule discourages economic development; this punitive tax puts Ohio cities at a competitive disadvantage for attracting business investment.

These important reforms of Ohio's municipal income tax system will help increase Ohio's overall competitiveness. If you wish, please contact me at (614) 629-6814 or rbrundrett@ohiomfg.com to discuss further. Thank you for your work on this important bill.

Sincerely,

Robert Brundrett
Director, Public Policy Services