

Ohio cities, businesses disagree on proposal for more uniform local taxes

The proposal provides a sweeping overhaul of the state's municipal tax system

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Story by DAVID MOLPUS

A sweeping overhaul of Ohio's municipal tax system is only a step away from the governor's desk following passage by the Ohio Senate this week.

A broad coalition of business groups sees the change as needed relief from a patchwork of local income tax rules. Cities see it as another raid on their revenue.

For Ohio Public Radio, WCPN's David Molpus reports.

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Construction contractors consider themselves the “poster child” for the local income tax overhaul. They operate in multiple cities in any given year. Andrea Ashley of the Associated General Contractors of Ohio says keeping up with the rules in Ohio’s 600 localities gets complicated fast.

“Each one of these different municipal jurisdictions has different rules, requirements, rates, deadlines, forms,” she says.

The association says preparing tax forms which is done on a quarterly basis is often more costly than the tax owed. A coalition of business groups supporting a change says no other state allows municipalities as much leeway as Ohio.

Critics of the legislation say what has emerged in the latest bill amounts to a tax reduction for business and a revenue shortfall for cities. Innovation Ohio, a non-profit advocacy group, estimates that as much as 20 percent of some city budgets could be lost.

Cleveland Tax Commissioner Nassim Lynch says the cost to Cleveland would be less but at least \$3 million a year. He says cities have worked to create more tax uniformity over the last 20 years, but the issue never seems to go away.

“Each time we have a bill that’s passed (and) we believe we have something that’s agreeable on both the business side and the city side, another uniformity piece comes to light” after the next round of legislative elections. Lynch doubts the new legislation will be the end of the matter. Final action could come next week. The House had previously approved a similar bill.

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