

INTRODUCED BY: MAYOR & COUNCIL

A RESOLUTION OPPOSING THE STATE OF OHIO GOVERNOR'S PROPOSED 2017-2018 BUDGET, CURRENTLY BEING CONSIDERED IN CONJUNCTION WITH HOUSE BILL 49, 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, AND DECLARING AN EMERGENCY.

WHEREAS, the Mayor and Council have been advised of a proposal by Ohio Governor Kasich and his administration to institute a state-operated program for the centralized collection of the municipal income tax; and

WHEREAS, the proposal for a state takeover of collection of the municipal income taxes of municipal corporations such as the Village of Chagrin Falls is a clear attack on the home rule powers granted to municipal corporations by the Ohio Constitution; and

WHEREAS, the proposed budget also includes a provision that would eliminate a portion of the three factor sales formula for determining sales of businesses within the Village, known as the "throwback" and if adopted it would eliminate income generated off-site and also from businesses providing on-line sales, such as catalog distribution facilities that process on-line purchase in warehouse performance centers and it also includes intellectual property generated through the work of professional organizations resulting in a total loss of taxation of these sales by municipalities in Ohio and would eliminate revenue that pays for the increased cost for services for warehouse and distribution centers, resulting in a significant loss of municipal tax revenue, whereas municipalities throughout Ohio currently provide uniform treatment of throwback rules; and

WHEREAS, the Ohio Governor's proposal would centralize collection at a higher cost than the Village of Chagrin Falls currently pays to the Regional Income Tax Agency, and business filers and tax preparers would lose the benefit of easily accessible local assistance from municipal tax administrators and municipalities would lose the ability to collect revenue and deposit it immediately when received in order to meet expenditures on a day-to-day basis; and

WHEREAS, the Ohio Business Gateway currently serves as a central portal for businesses where they can file their net profit tax obligations to Ohio cities and villages, which system allows municipalities to verify the accuracy of business filings while allowing local businesses the central, State supported system to manage local tax obligations; and

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WHEREAS, the State, if the central collection is adopted, would have control of over \$600,000,000.00 of municipal revenue, generating interest off of local government revenue generation while denying municipalities the ability to leverage the benefits of their community's assets; and

WHEREAS, the Village of Chagrin Falls 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; 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 have all resulted in a significant loss of revenue to the Village; 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; 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 must be able to do so without burdensome and costly restrictions included in the Governor's budget proposal created with the only purpose of restricting 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, to equitably enforce the municipal income tax laws and has been crafted as a vehicle to control the administrative process of municipal income tax to the benefit of specific taxpayer interests; 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.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE VILLAGE OF CHAGRIN FALLS, CUYAHOGA COUNTY, STATE OF OHIO:

SECTION 1. The Ohio General Assembly should immediately remove all language pertaining to municipal income tax collection and administration from the Governor's proposed budget, and as currently proposed in House Bill 49, and should promote upcoming changes to the Ohio Business Gateway as a solution for businesses to file municipal income tax returns in a more

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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.


SECTION 2. The Clerk of Council is hereby directed to forward a certified copy of this Resolution to the President of the Ohio Senate, the Speaker of the Ohio House of Representatives, to Ohio Governor Kasich, and to the Ohio Municipal League Executive Director Kent Scarrett.

SECTION 3. That actions of this Council concerning and relating to the passage of this legislation were adopted in lawful meetings of this Council and that all deliberations of this Council and of any of its committees that resulted in such formal action were in compliance with all legal requirements, including Chapter 114 of the Codified Ordinances of the Village of Chagrin Falls.

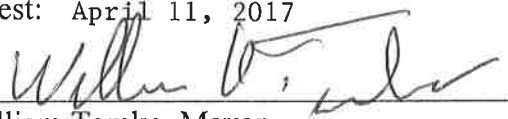
SECTION 4. That in accordance with Section 113.01 of the Codified Ordinances of the Village of Chagrin Falls, public notice of this Resolution shall be given by posting a copy thereof for not less than fifteen (15) days in the Village Hall.

SECTION 5. This Resolution is declared to be an emergency measure necessary for the immediate preservation of the public peace, property, health and safety of the inhabitants of the Village and for the further reason that the Village must maintain revenue levels without threat of assault via legislation proposed by the Ohio Governor and being considered by the Ohio General Assembly; wherefore provided it receives the affirmative vote of at least two-thirds (2/3) of all members elected to Council, this Resolution shall be in full force and effect from and immediately upon its passage by this Council and approval by the Mayor; otherwise, it shall take effect and be in force after the earliest period allowed by law.

Passed this 10 day of April, 2017.


Karl Maersch, President of Council

Attest: April 11, 2017


William Tomko, Mayor

I certify that Resolution No. 2017-16 was duly enacted on the 10 day of April, 2017 by the Council of the Village of Chagrin Falls and posted in accordance with the Resolutions of the Village


David Bloom, Fiscal Officer