



TESTIMONY BEFORE THE HOUSE WAYS AND MEANS COMMITTEE

OPPONENT TESTIMONY

HB 157

March 10, 2021

Chair Merrin, Vice Chair Riedel, Ranking Member Sobecki, and members of the House Ways and Means Committee, my name is Kent Scarrett and I am the Executive Director of the Ohio Municipal League. Thank you for the opportunity to speak to you today in opposition to HB 157.

HB 157 would repeal Section 29 of HB 197, which instructs municipalities to continue withholding income tax at a taxpayer's place of work, even if that taxpayer is currently working from home in another local jurisdiction due to the COVID-19 pandemic. This provision extends until 30 days after the Governor's declaration of emergency is lifted. Section 29 ensured revenue stability for municipalities as they served on the front lines of the COVID-19 pandemic response.

On behalf of our members, we oppose a sudden repeal of this provision. Both municipalities and business would immediately experience substantial impacts. Because of Ohio's municipalities' heavy reliance on municipal income tax as their primary source of revenue, this legislation would create substantial revenue cuts and destabilize the budgets of Ohio's largest economic centers, impacting the funding of essential services such as public health and safety, police and fire services, utilities, and critical infrastructure.

Additionally, businesses would suffer the added administrative burden of tracking, reporting and remitting municipal income tax based on employee's work-from-home locations. There would also be an unavoidable increased cost of doing business in Ohio municipalities, such as increased rates for liability insurance.

Both municipalities and business need time to prepare for these substantial impacts. Additionally, much more data is needed to fully understand the future impact of work-from-home employer polices on municipalities and the state's economy.

We are urging that the Ohio General Assembly and the DeWine Administration establish a taskforce to study the effects of the COVID-19 pandemic on the future of the municipal income

tax in Ohio. Additionally, we ask that as Ohio's employers and employees adjust to changes in workplace environments, that businesses and municipalities alike are ensured enough time prepare for the changes and impacts of permanent work-from-home policies.

We look forward to engaging in ongoing discussions with the legislature and other interested parties in about the future of the municipal income tax. We have also launched a data-gathering initiative to better understand the revenue impacts of permanent work-from-home policies on municipalities both large and small across the state.

Thank you for your consideration, and we urge for your opposition to this bill. I am happy to answer any questions you