

ORDINANCE NO. 89-19

A RESOLUTION SUPPORTING THE OHIO MUNICIPAL LEAGUE (OML) POSITION ON H.B. 49 AND H.B. 5 (CENTRALIZED TAX COLLECTION) AND ASKING THE OML TO INCLUDE THE CITY OF REYNOLDSBURG

WHEREAS, on June 28, 2017, the State passed Am. Sub. H.B. No. 49, the omnibus budget for the 2018-2019 biennium, H.B. 49, created a system imposing centralized collection of municipal net profits taxes; and

WHEREAS, this process means municipalities experience up to a sixty (60) day delay before recovering one penny of revenue and ninety (90) days before municipalities are told who paid and who did not pay. H.B. 49's centralized collection provisions followed the General Assembly's passage, with 2015 Sub. H.B. No. 5, of a prescriptive municipal income tax code. H.B. 5 amended R.C. 715.013 to prohibit municipalities from collecting an income tax unless the municipalities do so in accordance with the state-prescribed code in Chapter 718 of the Revised Code. The drafters of H.B. 49 built upon this tactic with uncodified Section 803.100 of H.B. 49, which purports to require municipalities to enact the provisions of R.C. 718.80 through 718.95 to implement the centralized collection program; and

WHEREAS, on November 16, 2017, over 160 cities and villages from throughout Ohio filed an action in the Franklin County Court of Common Pleas seeking declaratory and injunctive relief against the enforcement of the centralized collection provisions of H.B. 49 and the prescription income tax code of H.B. 5. The action alleged that the provisions of H.B. 49 and H.B. 5 are unconstitutional under the Home Rule Amendment and that the centralized collection provisions of H.B. 49 are unconstitutional because they violate Ohio Constitution Article II, Section 15(D), the One-Subject Rule. The municipalities also alleged that the centralized collection provisions of H.B. 49 violate the Ohio Constitution because they violate municipal property rights (e.g. by converting municipal tax revenues). The municipalities moved for preliminary injunction to prevent implementation of centralized collection provisions, on which the trial court held a two-day hearing. Prior to the hearing, the trial court assumed jurisdiction over a similar challenge by twenty-seven municipalities that the Lorain County Court of Common Pleas had transferred to Franklin County. Following the preliminary injunction hearing, the trial court issued a decision on the merits of all claims including those of the Lorain County plaintiffs. The trial court made no findings of fact and determined, as a matter of law, that H.B. 5 and the centralized collection provisions of H.B. 49 not violate the Ohio Constitution with 163 municipalities appealing; and

WHEREAS, the Ohio Supreme Court has accepted jurisdiction over this appeal on the following question of law:

PROPOSITION OF LAW NO. 1: The Home Rule Amendment grants municipal corporations a general power of municipal taxation, and where a state law engulfs municipal corporations' general power of taxation, that state law is unconstitutional; and

WHEREAS, the Ohio Supreme Court also accepted the similar proposition from the Elyria plaintiffs' group:

PROPOSITION OF LAW NO. 1: A state-administered, centralized system for reporting and collecting municipal net profits taxes, paid for by a tax on municipalities, violates the Home Rule Amendment of the Ohio Constitution; and

WHEREAS, the Ohio Municipal League is filing an Amicus Brief in this case supporting the municipal coalition; and

NOW, THEREFORE. BE IT RESOLVED by the Council of the City of Reynoldsburg, Counties of Franklin, Licking, and Fairfield. State of Ohio:


SECTION 1. That the City of Reynoldsburg supports the Ohio Municipal league in filing an amicus brief in the Ohio Supreme Court on the issue of whether "The Home Rule Amendment grants municipal corporations a general power of municipal taxation, and where a state law engulfs municipal corporations' general power of taxation, that state law is unconstitutional." And whether "A state-administered, centralized system for reporting and collecting municipal net profits taxes, paid for by a tax on municipalities, violates the Home Rule Amendment of the Ohio Constitution."

SECTION 2. That the City of Reynoldsburg requests the Ohio Municipal league so indicate its support in its Amicus Brief.


SECTION 3. That the Clerk of Council is directed to mail a copy of this Resolution to Garry E. Hunter, OML Legal Counsel, 175 South Third Street, Suite 510, Columbus, OH 43215 and to email a copy of ghunter@omaahio.org <<mailto:ghunter@omaahio.org>>.

SECTION 4. That Council hereby finds that this Resolution was deliberated upon and passed in open meetings in compliance with Section 121.22 of the Ohio Revised Code, and this resolution shall be in full force and effect upon its adoption.


Passed this 9th day of September, 2019.



Doug Joseph, President of Council

ATTEST: 

Mollie Prasher, Clerk of Council

APPROVED: 

Bradley L. McCloud, Mayor

DATE 9/10/19