



Written Testimony
Prepared for
The Ohio Senate Finance Committee

Chairman Oelslager, Ranking Member Sawyer, and Members of the Senate Finance Committee, thank you for this opportunity to share The Ohio Society of CPAs' (OSCPA) support for House Bill 289. We believe Representative Kirk Schuring's legislation is a sensible approach that returns Ohio back to the original intent of the law.

A brief background: In 1995, Representative Schuring sponsored HB 269 (121st General Assembly) that became law and created joint economic development districts (JEDD), a tool for cities and townships to work together to spur economic development on underdeveloped land. Similarly, but unrelated, a 1996 law created joint economic development zones (JEDZ). Rep. Schuring's current legislation in HB 289 is limited to addressing issues that have been occurring with JEDZ's.

Currently some townships are creating JEDZ's under the guise of economic development in order to impose a municipality's income tax on targeted township businesses and workers within the defined JEDZ. Although the JEDZ must be approved by the township's residents, many vote in support since they personally will not be subject to the tax (unless they work in the JEDZ). Often the impacted workers and businesses do not get a vote. Our concern is that some townships are using the taxing authority of a municipality (sometimes not even a contiguous one) to generate tax revenue from businesses and employees within the zone, often with the goal of revenue raising rather than true economic development.

We applaud Rep. Schuring for his bill limiting the questionable spread of the municipal income tax into unincorporated areas of Ohio. In an effort to avoid abuses, House Bill 289 would prohibit townships from essentially enacting an income tax on existing businesses in the name of economic development, even though the land is already developed and the revenue is not actually used to create new jobs. The law was intended to bring economic development to Ohio's undeveloped areas, with the revenue being used to add infrastructure and similar projects; instead, JEDZ's have become just another casualty to Ohio's cumbersome municipal income tax structure.

We appreciate the time and attention this committee is giving to this proposal, and value the opportunity to support such a common-sense initiative.