OHIO MAYORS ALLIANCE

FOR IMMEDIATE RELEASE: NOV. 17, 2017
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OHIO MAYORS ALLIANCE OUTLINES ADVERSE IMPACTS OF FEDERAL TAX OVERHAUL ON OHIO CITIES AND TAXPAYERS

COLUMBUS – The Ohio Mayors Alliance and the U.S. Conference of Mayors outlined their opposition to certain provisions of the federal tax overall proposals in the US House and Senate. The bipartisan group of mayors raised concerns about how the elimination of certain tax credits, bonding measures, and state and local tax deductions will impact cities ability to provide critical services and create jobs.

"Eliminating the state and local tax deduction is bad for our residents and our communities," said Columbus Mayor Andrew Ginther. "If this deduction is eliminated, it will force individuals to pay more in taxes and increase the cost of critically important public services."

The state and local tax deduction allows individual filers to deduct the cost of local taxes on their federal tax returns. According to the *Tax Policy Center*, over 1.5 million or 28 percent of all Ohioans claimed the SALT deduction in 2013, averaging a deduction of $10,147 per filer. These individuals are at risk of losing these deductions and could see their taxes increase if these deductions are eliminated.

"Tax reform is needed to help our economy, but we have to get it right," said Findlay Mayor Lydia Mihalik. "Taking away job-creating tools like tax credits and bonding measures is the wrong approach. We are conveying our concerns to Congress and working to make meaningful improvements that keep these tools and protect local taxpayers."

In addition to the elimination of the state and local tax deductions, the federal proposals also eliminate several tools utilized by cities to spur economic development and create jobs, such as the Historic Preservation Tax Credit and the New Markets Tax Credit. The bills also eliminate private activity bonds, tax credit bonds, and advance refunding of municipal bonds, all critical tools that cities use for investments in infrastructure and affordable housing (more details below).

"Cities have been effectively utilizing these important economic development tools to revitalize our cities and create new jobs and new opportunities for our constituents," said Cincinnati Mayor John Cranley. "To eliminate these tax incentives now would be a catastrophic set back that would hurt our cities and hamper economic development opportunities in key areas of Ohio."

The US House and Senate are quickly advancing two different tax overhaul bills. There are some distinctions in the bills related to the provisions that impact cities, but both versions are moving quickly and the process could be completed by the end of the year. The Ohio Mayors Alliance is urging the Ohio Congressional Delegation to oppose the elimination of these provisions.

"We would like to see an effective tax reform plan from Congress, but rushing these massive changes through with little time to understand the impacts is a recipe for disaster," said Kettering Mayor Don Patterson. "Now is the time to get this right and work to build bipartisan consensus on a solid tax reform plan that invests in communities and creates jobs."

The following Ohio Mayors Alliance members attended today's press conference: Beavercreek Mayor Bob Stone, Cincinnati Mayor John Cranley, Cleveland Heights Mayor Cheryl Stephens, Columbus Mayor Andrew J. Ginther, Canton Deputy Mayor Fonda Williams, Dayton Mayor Nan Whaley, Elyria Mayor Holly Brinda, Euclid Mayor Kirsten Holzheimer Gail, Fairfield Mayor Steven Miller, Findlay Mayor Lydia Mihalik, Grove City Mayor Richard "Ike" Stage, Kettering Mayor Don Patterson, Springfield Mayor Warren Copeland, and Warren Mayor Doug Franklin. The Ohio Mayors Alliance is a bipartisan coalition of mayors in Ohio's largest cities. For more information on the Ohio Mayors Alliance, visit us at www.OhioMayorsAlliance.org.

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STATE AND LOCAL TAX DEDUCTIONS

- The SALT deduction allows individuals to deduct their state and local taxes. By reducing the net cost to taxpayers of local taxes, this deduction supports communities' ability to raise needed revenue.
- Over 1.5 million or 27.6 percent of all Ohio tax filers claimed the SALT deduction in 2013. Collectively, Ohio tax filers benefit from $15.5 billion in tax relief from SALT deduction – 5 percent of the state's adjusted gross income. And individually, Ohio filers claimed $10,147 on average in 2013.

FEDERAL HISTORIC TAX CREDIT (HTC)

- The Federal Historic Tax Credit promotes the rehabilitation and preservation of income-generating historic buildings, often in distressed or rural communities.
- The HTC returns $1.20 for every $1.00 spent and created over 100,000 jobs in 2016 alone. Projects financed by the HTC add to state and local income and tax revenues, spurring economic growth and increased investment.
- From 2011-2016 in Ohio, **$1.39 billion in rehabilitation** supported by the Federal Historic Tax Credit led to: **24,616 jobs**, **$991.3 million in additional wages, salaries and proprietor income**, **$1.37 billion added to national GDP**, and **$352.7 million in additional tax revenue**. [National Park Service, 2016]

NEW MARKET TAX CREDIT (NMTC)

- The NMTC supports projects and leverages investment in low-income and distressed communities.
- The NMTC is used to leverage public-private partnership funds to build offices, schools, health care facilities, manufacturing plants, housing, and other critical community facilities.
- Between 2003 and 2014, **$2.2 billion of NMTC investments in 412 Ohio projects** resulted in: $**1.9 billion in additional investment** in distressed communities that needed new development to help them grow, **55,889 jobs**. [Source: NMTC, 2017]

PRIVATE ACTIVITY BONDS (PABS)

- Private Activity Bonds are issued by state and municipal governments to attract private investment in public projects. PABs are used to make community investments at no cost to the taxpayer. These bonds are issued to leverage funds to build schools, hospitals, airports, and affordable housing.

- In **Ohio, $1.11 billion in private activity bonds** were issued in 2016. The National Low Income Housing Coalition reports that there is currently a **shortage of 269,383 units of affordable homes available** for extremely low income renters in Ohio. [Source: CDFA, 2016]