

March 9, 2009

The Honorable Jay Hottinger
Ohio House of Representatives
77 S. High Street
Columbus, OH 43215

Re: HB 61 Estate Tax

Dear Representative Hottinger:

On behalf of the Ohio Township Association (OTA), I would like to express our grave concerns with House Bill 61, which would raise the exemption level for the estate tax, eliminate the state's collection of the tax but permit local governments to continue the tax locally.

Although HB 61 repeals the state's share of the estate tax and directs the estate tax revenues to townships and municipalities, it reduces the amount of estate tax revenues that would go to local governments by raising the exemption levels for estates. Additionally, while we appreciate the language in HB 61 that would permit a board of township trustees to continue the collection of the tax locally, we do have serious concerns with the practical application of this provision.

As you know, with the phase-out of the tangible personal property (TPP) tax and the downturn in the economy, local governments will lose a considerable amount of property tax revenue. A reduction in estate tax revenues would be an additional blow to township budgets already wounded by property tax losses. If local governments' share in estate tax dollars is to be reduced, there must be some kind of revenue replacement formula in place to help make up for these losses so that townships can continue to provide their residents with fundamental services such as road repair, police, fire and EMS.

I urge you to reconsider the financial implications of a reduction of estate tax revenues for local governments and the increased exemption value for estates. The OTA looks forward to working with you and members of the House Ways and Means Committee on this issue. If you have any questions or wish to discuss this matter further, please do not hesitate to contact me or OTA Director of Governmental Affairs Heidi M. Fought at (614) 863-0045.

Sincerely,

Michael H. Cochran
Executive Director

MHC:hf