

# Resolution No. 374-2023

By Council Members **Spencer, Bishop, Conwell, Gray, Griffin, Hairston, Harsh, Howse, Jones, Kazy, Kelly, Maurer, McCormack, Polensek, Santana, Slife and Starr**

**FOR PASSAGE**  
**March 20, 2023**

## AN EMERGENCY RESOLUTION

Strongly opposing House Bill 1, and urging the Ohio General Assembly to defeat this bill that would gut funding for crucial local government services, schools, parks, and libraries by cutting income taxes predominantly for highest earners.

WHEREAS, House Bill 1 (HB 1), introduced by the Ohio General Assembly on February 15, 2023, repeals the graduated income tax rates on nonbusiness income (currently ranging from 2.765% to 3.99%) and instead levies a flat tax rate of 2.75% on all income over \$26,050; and

WHEREAS, this bill also makes property tax changes that would decrease funding to local municipalities, by reducing the assessment rate on which property is taxed from 35% to 31.5%, and by removing the 10% property tax rollback on certain property tax levies that the state reimburses local taxing authorities; and

WHEREAS, Ohio Municipal League and municipalities are concerned with many provisions of HB 1, especially with the vagueness of how local entities would be kept financially whole when the state has less in its Local Government Fund due to reduced overall revenue; municipalities rely on these funds for critical services such as police, fire, and the maintenance and construction of streets; and

WHEREAS, Ohio's current income tax rate ranges from 2.765% for income between \$26,051 and \$46,100, and up to 3.99% for income above \$115,300 per year, according to the Ohio Department of Taxation; and

WHEREAS, savings from the proposed flat tax would vary greatly based on earnings; for example, those who earn \$75,000 per year would save only \$140, while those earning \$500,000 per year would save \$5,000, the lowest tax rate for top earners in Ohio's income tax system history; and

WHEREAS, HB 1's proposed permanent income tax cut would remove \$1.7 million from state revenue in fiscal year 2024, \$1.9 million in 2025, and increasing amounts in future years, according to fiscal analysis by the Ohio Legislative Service Commission; and

WHEREAS, specifically, the loss to both the Local Government Fund and Public Library Fund would be approximately \$43 million in fiscal year 2024 and \$31 million in

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fiscal year 2025; the Commission’s analysis also projects that the property tax cut proposed by this bill would reduce school and local government revenue by \$538 million in fiscal year 2025 and increasing amounts in future years; and

WHEREAS, HB 1 could also have hidden consequences of raising property taxes and cutting business taxes, because of its interaction with existing property tax laws and Ohio Supreme Court decisions; and

WHEREAS, this Council wants to preserve funding for crucial local government services, schools, parks, and libraries that would be significantly reduced by passage of HB 1; and

WHEREAS, this resolution constitutes an emergency measure for the immediate preservation of public peace, property, health or safety; now therefore

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That this Council strongly opposes House Bill 1, and urges the Ohio General Assembly to defeat this bill that would gut funding for crucial local government services, schools, parks, and libraries by cutting income taxes predominantly for highest earners.

Section 2. That this Council directs the Clerk of Council to transmit copies of this Resolution to all members of the Ohio General Assembly whose districts include the City of Cleveland and Governor Mike DeWine.

Section 3. That this resolution is hereby declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its adoption and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

/jho  
3-20-23  
FOR: Council Member Spencer

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REPORT  
after Second Reading

By Council Members Spencer, Bishop, Conwell, Gray, Griffin, Hairston, Harsh, Howse, Jones, Kazy, Kelly, Maurer, McCormack, Polensek, Santana, Slife and Starr

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READ FIRST, SECOND AND THIRD TIME

READ FIRST TIME  
and referred to

REPORTS

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME on MARCH 20, 2023

PRESIDENT

CITY CLERK

APPROVED

MAYOR

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