| From: | IRRC |
| Subject: | FW: Proposed Regulation "Local Earned Income Tax" 2016 AUG 29 PM 3: 28 |

From: Elam M. Herr [mailto:eherr@psats.org]
Sent: Monday, August 29, 2016 1:54 PM
To: James Smith
Subject: RE: Proposed Regulation "Local Earned Income Tax"

Jim: We have reviewed the Department of Community and Economic Development's proposed regulations titled "Local Earned Income Tax" (#4-97, IRRC #3156) and offer the following comments for your consideration. Act 32 was passed in 2008 and went into effect in 2012 with the municipalities and school districts having created their county tax collection committee. The department was given the authority to promulgate regulations to carry out the act. Since 2008 the department has been operating under policy rather than the regulations the act called for. With this stated and our following the actions of the county tax collection committees, we contend that the act has worked fairly efficiently under the department's policy. Our concern is with Section 151.41 (1) (iv) which requires the political subdivision to "pay a $500 nonrefundable filing fee to the department for mediation." This fee is nonrefundable even if the department decides that the mediation request does not meet the threshold conditions for mandatory mediation! And this is further problematic in that the "department's determination is final and not subject to appeal!" We would also state that if a political subdivision does seek mediation and the departments agrees that the mediation should take place and the mediator determines that the political subdivision was correct in its assumption that the other parties should be liable for the cost of the mediation, not the political subdivision that brought the action. This is like saying "even if you win, you lose!" We contend that Section 151.41 is in need of revision.

We appreciate the opportunity to review and comment on these proposed regulations. Should you desire additional information or would like to discuss further, please contact me. Elam