



2020 ANNUAL REPORT

INCOME TAX DEPARTMENT

Introduction

The Income Tax Department administers and enforces the municipal income tax ordinances for the City of Findlay, as well as the Villages of Arlington, Mount Cory, Vanlue, Carey, and Mount Blanchard. The Department’s goal is to respectfully encourage the highest level of voluntary compliance by assisting, educating, and informing customers and stakeholders efficiently, effectively, and accurately.

The Tax Administrator is appointed by and reports to the Mayor, who serves as Chair of the Income Tax Board. The Tax Administrator reports also to this board, which was designed to depoliticize the Income Tax Department and to protect it from improper influence. The other Board members include the Law Director, Treasurer, Auditor, and Council’s Appropriations Committee Chair, who are responsible for offering oversight and counsel to the Income Tax Department and initiating most legislation during a minimum of four quarterly public meetings each year to ensure the department’s funding, accountability, independence, and objectivity. The Tax Administrator is not a member of the Income Tax Board.

Pursuant to Section 718.11 of the Ohio Revised Code (Substitute House Bill 5 of the 130th Ohio General Assembly), the Mayor and Council appoint a total of three members to the newly-named Local Board of Tax Review, whose purpose is to rule on taxpayers’ initial formal appeals. The Local Board of Tax Review members are Mayoral appointment John W. Pinski Jr., CPA and Council-appointed attorneys Douglas W. Huffman and Roger L. Miller. All three members are eligible for unlimited renewable terms. By the new State law, Council must renew each of its two appointees every two years.

Municipal income tax exists to assure the financial independence of Ohio communities. Municipalities use income tax revenues to provide personal and property protection, build and maintain thoroughfares and infrastructure, foster skilled workforces, and promote high qualities of life. These resources develop and strategically locate mutually-beneficial places that attract businesses and consumers ensuring vocational, professional, entrepreneurial, educational, recreational, cultural, and medical opportunities for all Ohio residents.

Staffing

The Income Tax Department is comprised of an Administrator, five full-time City employees, and two to four part-time or seasonal staff members responsible for administering and enforcing the Income Tax Ordinance and the applicable Rules and Regulations.

2020 Tax Department Staff	Local Board of Tax Review	Income Tax Board
Andrew Thomas Cory Duran Tonya Stillberger Joe Hoover Melanie Donaldson Kevin Kiene Seth Boice Kris Deerwester Mary Price	John W. Pinski, Jr. CPA Douglas W. Huffman Roger L. Miller	Mayor Christina Muryn, Chair Don Rasmussen, Law Director Jeff Wobser, City Council Jim Staschiak II, City Auditor Susan Jo Hite, City Treasurer



Key Activities & Accomplishments

The Income Tax Department processes and collects taxes from individuals and businesses in accordance with Chapter 718 of the Ohio Revised Code and Chapter 194 of the City’s ordinance, consisting of three general categories:

- Employer Withholding
 - Remittances from Findlay employers that withhold tax from their employees who work in the City and from non-Findlay employers that voluntarily withhold tax from their employees who live in the City.
- Individual
 - Payments received directly from individuals, primarily generated from residents who earn wages from employers that do not withhold the tax or those who earn profits from rental properties or business operations located anywhere, as well as from non-residents who earn profits from rental properties or businesses located in Findlay.
- Business
 - Collections in this category are from tax on net profits apportioned to Findlay from C corporations, S corporations, partnerships, limited liability companies, and trusts that own rental properties, conduct business, perform services, solicit sales, operate, or maintain offices in Findlay.

2020 Collections

Total collections for the City of Findlay in 2020 were \$24,264,741, a decrease of -7.49% compared to 2019. For a complete breakdown of results from 1983-2020, see Appendix 1.

Actual Collections	Withholding	Individual	Business	Total
Actual Collection Amount	\$19,116,219	\$2,735,132	\$2,413,390	\$24,264,741
Increase or Decrease from Previous Year	\$21,153	(\$9,943)	(\$1,975,676)	(\$1,964,466)
Percent Increase or Decrease	0.11%	-0.36%	-45.01%	-7.49%
Percent of Total Collections	78.78%	11.27%	9.95%	100.00%
Compound Annual Growth Rate Since 1983	4.49%	6.61%	4.39%	4.64%

Villages of Arlington, Mount Cory, Vanlue, Carey, and Mount Blanchard

In addition to the City of Findlay, the Department administers income tax on behalf of the several neighboring municipalities, which began with the Village of Arlington in 2003, then expanded to include the Villages of Mount Cory and Vanlue in 2016, and Carey and Mount Blanchard in 2019. All five villages incur their own costs for refunds, tax forms, and court fees.

We continue to find the practice beneficial to all six municipalities. As anticipated, we have a greater opportunity to serve a wider range of Findlay taxpayers—non-resident individuals who are employed within our City limits. Notably, we estimate that Findlay derives 40 to 50 percent of its employer withholding revenue from non-resident individuals. Considering the nation’s climate



toward state and local taxes—particularly in Ohio over the past several years, it is vital for municipalities statewide to diligently and comprehensively serve the interests of non-residents who pay municipal income taxes to the communities where they work.

All five villages are prohibited from imposing tax on resident shareholders’ distributive shares from S corporations. Bills originating in both the Ohio House and the Ohio Senate established voting requirements available only to communities that were imposing tax on this income by ordinance, rule, or regulation as of December 2002. Senate Bill 180 of the 124th Ohio General Assembly established a November 2003 voting requirement for distributions from *interstate* S corporations, followed by House Bill 127 of the 125th Ohio General Assembly that established a November 2004 voting requirement for distributions from *intrastate* S corporations. As a result of these bills, the villages are limited to imposing tax on S corporations only at the entity level.

Number of Accounts

Municipality	2020 Individual & Business Net Profit	2021 Employer Withholding
City of Findlay	24,512	2,990
Village of Arlington	780	171
Village of Mount Cory	126	24
Village of Vanlue	190	46
Village of Carey	2,495	481
Village of Mount Blanchard	248	24
Total	28,351	3,736

Ballot Issues, Ordinances, Federal & State Legislation

Section 29 of Amended Substitute House Bill 197 of the 133rd Ohio General Assembly addresses the municipal income tax treatment of work performed from an employee’s home as a result of the COVID-19 pandemic: “During the period of the emergency declared by Executive Order 2020-01D, issued on March 9, 2020, and for thirty days after the conclusion of that period, any day on which an employee performs personal services at a location, including the employee's home, to which the employee is required to report for employment duties because of the declaration shall be deemed to be a day performing personal services at the employee's principal place of work.” Unless amended by the Ohio General Assembly or ruled otherwise by a court of competent jurisdiction, this income generally is taxable to the municipality where the employer is located.

NWOTCA and OML

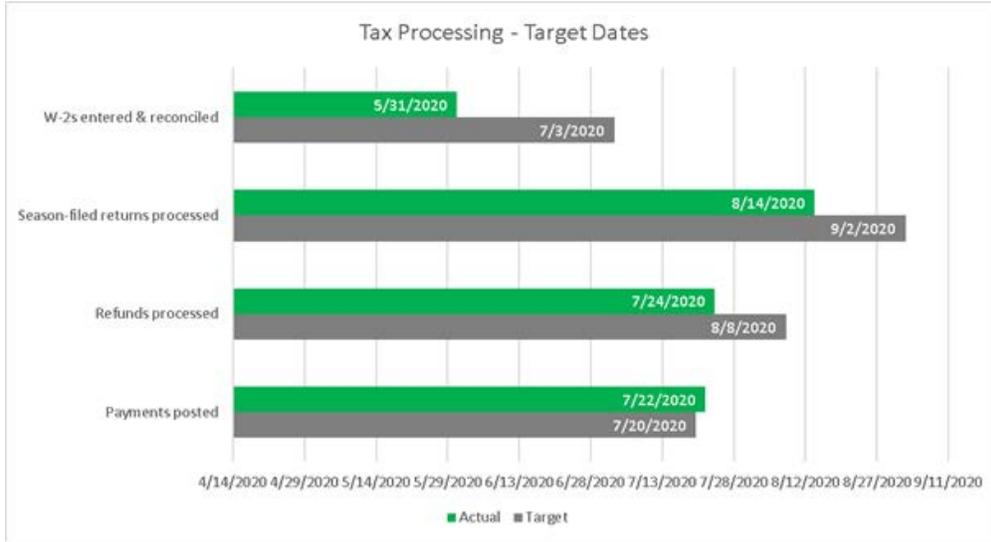
The Department continues its active participation in the Ohio Municipal League and one of its regional arms, the Northwest Ohio Tax Commissioners Association. Members of the NWOTCA generally meet bimonthly in the northwest Ohio area to offer training and interdependent assistance and to discuss tax policies and procedures as well as current and emerging legislative issues. The NWOTCA typically also hosts a biannual municipal income tax seminar for area tax professionals.

Key Performance Indicators (KPIs)

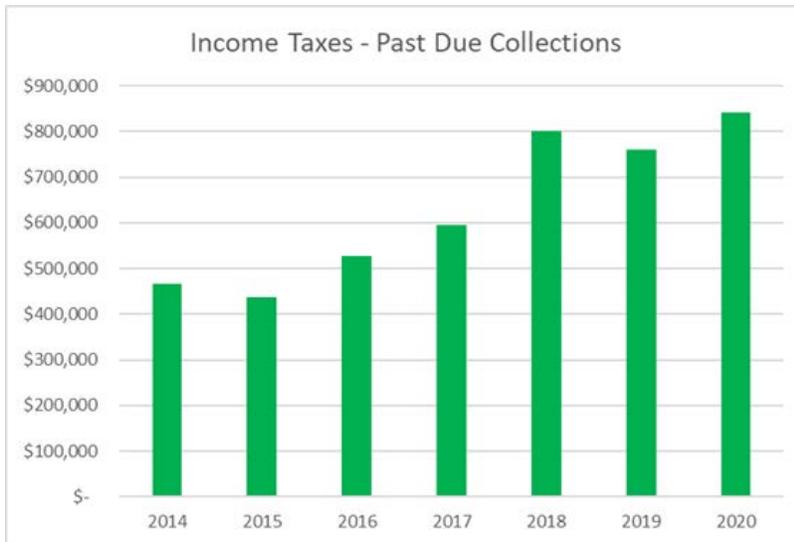
In pursuit of our mission to serve customers and stakeholders efficiently, effectively, and accurately, goals for the Department have been established related to the completion of certain key functions in an expeditious manner, as outlined below. Please note, the target dates for 2020



were revised on account of extensions granted for the filing of federal, state, and local tax returns in response to the COVID-19 pandemic.



In fairness to all taxpayers, the Department also strives to bring any potential past-due obligations to legitimate conclusions. Past-due collections in 2020 totaled at least \$841,646, an increase of 10.9% over 2019.



More details on Key Performance Indicators can be found at: www.findlayohio.com/performance

Objectives for the Next Year

In 2021, the Income Tax Department will be undertaking several transitions, first to a new Tax Administrator as well as a new developer for its primary accounting and tax administration software. We will continue to work on reconciling delinquent accounts, and improve reporting to aid in revenue projection.



Budget Summary Sheet

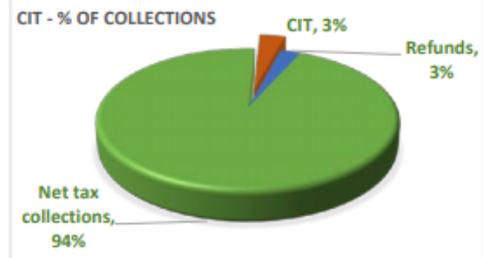


CITY INCOME TAX
 Administrator Andrew Thomas
 Incoming Administrator Cory Duran

BUDGET	2018 actual	2019 actual	2020 projection	Original 2020 request	2021 request	\$ change from 2020 request to 2021 request	% change from 2020 request to 2021 request
Personal Services	\$ 235,680	\$ 314,213	\$ 397,528	\$ 412,134	\$ 471,462	\$ 59,328	14.40%
Other	\$ 656,227	\$ 691,137	\$ 697,339	\$ 809,721	\$ 792,687	\$ (17,034)	-2.10%
TOTAL	\$ 891,907	\$ 1,005,351	\$ 1,094,867	\$ 1,221,855	\$ 1,264,149	\$ 42,294	3.46%

BUDGET HIGHLIGHTS

- 1.31 percent wage increase
- Increase in Legal 441400 due to suspended 2020 activities and higher anticipated fees and costs adopted by Findlay Municipal Court



STAFFING LEVEL	2017	2018	2019	2020	2021
City Full-Time	4	4	6	6	7-6
PT and Agencies	4-5	4-5	1-3	2-5	2-4

2020 CAPITAL IMPROVEMENT HIGHLIGHTS

- Not applicable

2020 ACHIEVEMENTS

- Through October, past-due collections are ahead of 2019 by more than 4.28 percent; second highest amount in the eight years that are tracked, despite small claims cases and wage garnishments being suspended for several weeks during the year
- Significant software development in court processing, court documentation, court reporting, and net profit tracking
- Filled full-time vacancy

2021 OBJECTIVES

- Successful transition to new Tax Administrator effective January 8
- Successful transition to new software developer
- Continue progress in bringing non-filed accounts to legitimate conclusions
- Continue diligent pursuit of past-due collections
- Enhance existing reports and design new reports to improve revenue projections



Appendix 1: Historical Collections

Year	Withholding	Individuals	Business	Penalty	Interest	Court	Annual Total	Change
1983	3,759,023.38	256,561.98	492,979.21	10,343.79	7,712.11		4,526,620.47	
1984	4,099,910.71	261,778.12	500,817.35	18,472.18	8,775.69		4,889,754.05	8.02%
1985	4,319,335.66	266,777.96	597,036.91	19,363.93	9,217.38		5,211,731.84	6.58%
1986	4,535,912.71	280,826.24	735,800.80	23,635.45	10,229.30		5,586,404.50	7.19%
1987	4,742,921.72	277,580.70	669,662.73	22,763.67	8,740.45		5,721,669.27	2.42%
1988	5,163,757.03	226,986.09	848,066.77	25,897.25	9,846.35		6,274,553.49	9.66%
1989	5,476,502.70	170,799.84	979,710.34	26,058.96	10,949.12		6,664,020.96	6.21%
1990	5,675,101.72	188,207.58	1,025,850.19	24,888.77	9,346.84		6,923,395.10	3.89%
1991	5,931,941.86	166,208.66	1,010,756.14	27,302.08	10,643.97		7,146,852.71	3.23%
1992	6,289,451.95	186,443.83	988,063.95	33,152.40	9,890.77		7,507,002.90	5.04%
1993	6,684,164.38	205,929.18	1,155,081.49	9,493.19	6,478.25		8,061,146.49	7.38%
1994	7,758,133.70	799,090.40	795,075.82	5,872.52	9,425.80		9,367,598.24	16.21%
1995	7,575,764.07	840,226.83	1,009,398.45	8,527.82	12,019.63	2,007.15	9,447,943.95	0.86%
1996	7,980,004.16	953,301.40	998,036.93	8,179.61	16,439.74	2,192.61	9,958,154.45	5.40%
1997	8,428,257.21	940,620.66	1,114,185.32	28,090.57	17,095.17	2,443.46	10,530,692.39	5.75%
1998	9,072,423.87	1,052,110.75	1,570,677.71	9,235.34	13,624.36	2,288.12	11,720,360.15	11.30%
1999	9,898,733.34	1,200,636.61	1,984,944.09	13,131.96	22,186.85	3,293.53	13,122,926.38	11.97%
2000	10,349,064.23	1,124,236.26	1,579,555.77	15,574.38	24,984.17	3,861.17	13,097,275.98	-0.20%
2001	10,824,788.06	1,083,722.97	2,409,620.03	15,791.53	22,365.10	4,404.67	14,360,692.36	9.65%
2002	11,081,952.87	1,158,561.01	2,640,371.74	16,413.76	25,945.33	7,461.63	14,930,706.34	3.97%
2003	11,168,674.96	1,265,421.63	1,844,708.55				14,278,805.14	-4.37%
2004	11,487,765.80	1,353,537.81	2,424,514.11				15,265,817.72	6.91%
2005	12,000,950.29	1,461,004.10	3,869,817.42				17,331,771.81	13.53%
2006	12,266,197.92	1,561,949.10	4,714,847.44				18,542,994.46	6.99%
2007	12,926,239.03	1,511,186.46	6,748,538.47				21,185,963.96	14.25%
2008	12,988,959.04	1,582,588.29	1,114,157.16				15,685,704.49	-25.96%
2009	11,990,526.45	1,640,212.82	949,911.69				14,580,650.96	-7.04%
2010	15,385,538.83	1,973,146.33	1,218,868.23				18,577,553.39	27.41%
2011	17,136,493.06	2,465,978.05	1,429,072.43				21,031,543.54	13.21%
2012	17,850,224.19	2,505,396.68	1,688,434.43				22,044,055.30	4.81%
2013	15,811,122.25	2,486,360.48	6,684,682.49				24,982,165.22	13.33%
2014	15,711,917.16	2,067,176.01	3,679,406.21				21,458,499.38	-14.10%
2015	16,830,156.15	2,098,015.79	4,341,478.57				23,269,650.51	8.44%
2016	17,321,266.44	2,399,615.12	5,356,863.66				25,077,745.22	7.77%
2017	17,787,528.79	2,430,940.97	3,097,744.91				23,316,214.67	-7.02%
2018	18,641,564.72	2,647,097.01	3,402,933.38				24,691,595.11	5.90%
2019	19,095,066.01	2,745,075.44	4,389,066.63				26,229,208.08	6.23%
2020	19,116,219.00	2,735,132.22	2,413,390.49				24,264,741.71	-7.49%

