



2021 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, Mount Blanchard and most recently Jenera. The Department’s mission 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 Tax Administrator. The Board is also responsible for 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 three members to the 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 Patrick Sadowski. All three members are eligible for unlimited renewable terms. By State law, the Mayor and Council must renew all of their 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 three part-time or seasonal staff members responsible for administering and enforcing the Income Tax Ordinance and the applicable Rules and Regulations pursuant with the Ohio Revised Code.

| 2021 Tax Department Staff | Local Board of Tax Review | Income Tax Board |
|---|---|---|
| Mary Price, Administrator Seth Boice Kristen Deerwester Melanie Donaldson Joseph Hoover Kevin Kiene Tonya Stillberger | John W. Pinski, Jr. CPA Douglas W. Huffman Patrick Sadowski | 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 administers and enforces taxes from individuals and businesses in Findlay, Arlington, Mount Cory, Vanlue, Carey, Mount Blanchard and Jenera 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.

2021 Collections

Total collections for the City of Findlay in 2021 were \$31,179,329.83. This was an increase of 28.5% compared to 2020. For a complete breakdown of results from 1983-2021, see Appendix 1.

| Actual Collections | Withholding | Individual | Business | Total |
|---|-----------------|----------------|----------------|-----------------|
| Actual Collection Amount | \$20,308,913.37 | \$2,785,723.91 | \$8,084,692.55 | \$31,179,329.83 |
| Increase or Decrease from Previous Year | \$1,192,694.37 | \$50,591.69 | \$5,671,602.06 | \$6,914,588.12 |
| Percent Increase or Decrease | 6.24% | 1.85% | 234.99% | 28.50% |
| Percent of Total Collections | 65.14% | 8.93% | 25.93% | 100.00% |
| Compound Annual Growth Rate Since 1983 | 4.54% | 6.48% | 7.64% | 5.21% |

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

In addition to the City of Findlay, the Department administers income tax on behalf of several neighboring municipalities. This idea first began with the Village of Arlington in 2003, then expanded to include the Villages of Mount Cory and Vanlue in 2016. The Department expanded to Carey and Mount Blanchard in 2019, and most recently have taken on the Village of Jenera in 2022. All six villages incur their own costs for refunds, tax forms, postage, specific print materials and court fees.

We continue to find the practice beneficial to all seven 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. Considering the recent changes to municipal income tax withholding tax laws, administering and enforcing income tax for several of the surrounding communities allows us to be more certain that the employer withholding is being done correctly.



Number of Accounts

| Municipality | 2020 Individual & Business Net Profit | 2021 Employer Withholding |
|----------------------------|---------------------------------------|---------------------------|
| City of Findlay | 25,186 | 3,560 |
| Village of Arlington | 864 | 266 |
| Village of Mount Cory | 131 | 66 |
| Village of Vanlue | 211 | 103 |
| Village of Carey | 2,788 | 595 |
| Village of Mount Blanchard | 310 | 70 |
| Total | 29,490 | 4,660 |

Section 29, House Bill 197

In 2020 Ohio enacted legislation under Section 29 of House Bill 197 that changed Ohio municipal income tax rules temporarily, effective March 9, 2020 and for thirty days after the conclusion of the State’s emergency declaration. This rule stipulated that work performed from a remote location, including an employee’s home, would be recognized as the employee performing the job at their principal place of work prior to the COVID-19 state-of-emergency. The Governor’s Executive Order ended as of June 18, 2021. As a part of the State’s biennial budget bill, HB 110 also included language that adjusted the treatment of Section 29 of HB 197. This language extended the temporary withholding policy that was set in place on March 9, 2020 until December 30, 2021. It also allows taxpayers to file refund requests for the 2021 tax year if they have been working from a remote location instead of their principal place of work.

The Buckeye Institute is a lobbyist group out of Columbus that has filed several lawsuits across the state challenging the constitutionality of HB 197 Section 29 for the 2020 tax year, and this litigation is still pending.

Although it appears that the large majority of the workforce is now back to working in the office, it will be crucial for the Department to watch for trends that could indicate a large number of non-resident remote workers.

OML and NWOTCA

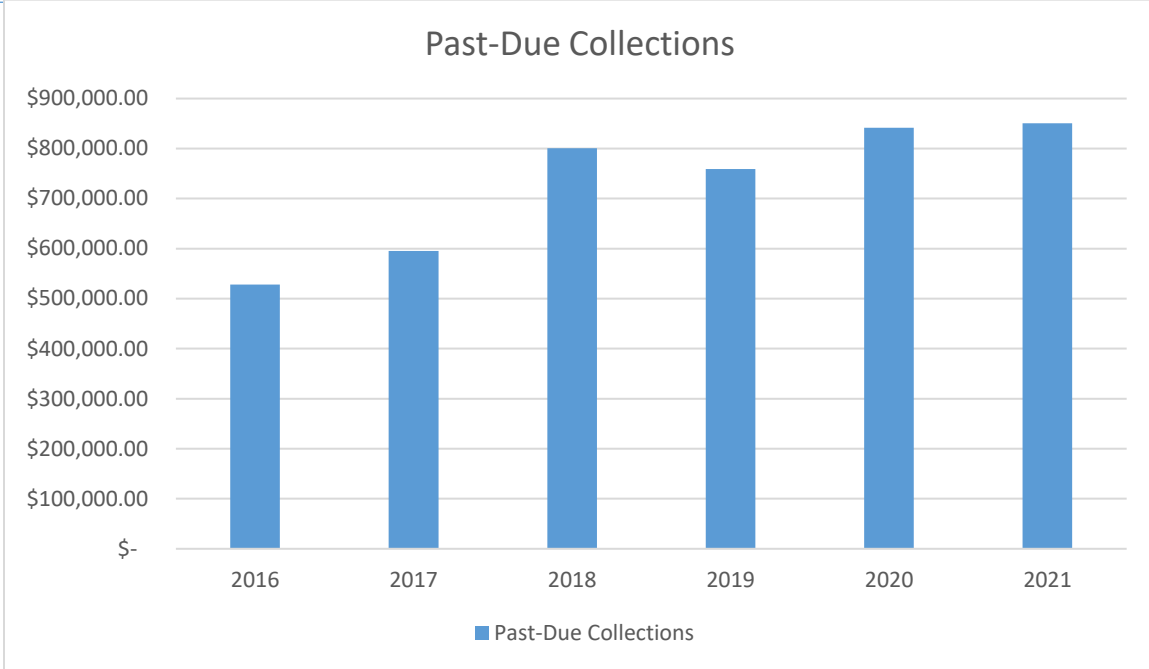
The Department continues its active participation in the Ohio Municipal League and one of its regional arms, the Northwest Ohio Tax Commissioners Association. Members of the NWOTCA generally meet bimonthly in the northwest Ohio area to offer training, to discuss tax policies and procedures as well as current and emerging legislative issues. The NWOTCA typically hosts a biannual municipal income tax seminar for area tax professionals, although due to COVID-19 they have been unable to host a seminar since 2019.

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. Although the IRS provided a one-month extension during the 2020 filing season, all KPIs for 2021 were completed on time by the initial due dates with the exception of the goal of having all W-2s imported, entered and reconciled by June 30, 2021. There was a slight delay with this goal due to a software glitch that needed repaired by our developer.

To ensure that all taxpayers are being treated equally and fairly, the Department also strives to bring any potential past-due obligations to legitimate conclusions. Past-due collections in 2021 totaled \$850,569.03, an increase of 1.06% over 2020.





Objectives for the Next Year

In 2022, the Income Tax Department will be hoping for a successful transition, conversion and implementation to a new income tax software. The Department currently has EMIT, a homegrown computer software that was originally developed in 2002. We will be looking for a program to best fit our needs, and that will allow us to progress into more digital and automated features as the Department continues to grow.

We will be striving for a successful first year of managing Jenera income tax collections. The Department will continue to seek more efficiency and effectiveness of current daily processes, continue to progress in bringing non-filed accounts to legitimate conclusions, continue to pursue past-due collections and also progress in filing compliance research.

Budget Summary Sheet

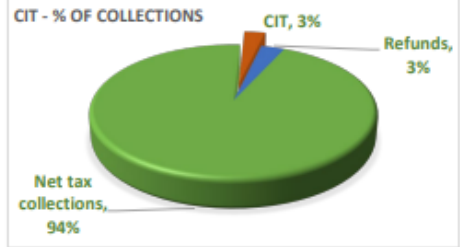


CITY INCOME TAX
Administrator Mary Price

| FINANCIAL DIVISION | BUDGET | 2019 actual | 2020 actual | 2021 projection | Original 2021 request | 2022 request | \$ change from 2021 request to 2022 request | % change from 2021 request to 2022 request |
|--------------------|-------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---|--|
| | Personal Services | \$ 314,213 | \$ 391,849 | \$ 431,581 | \$ 471,462 | \$ 411,911 | \$ (59,551) | -12.63% |
| | Other | \$ 691,137 | \$ 739,224 | \$ 703,730 | \$ 792,687 | \$ 1,010,492 | \$ 217,805 | 27.48% |
| | TOTAL | \$ 1,005,351 | \$ 1,131,073 | \$ 1,135,311 | \$ 1,264,149 | \$ 1,422,403 | \$ 158,254 | 12.52% |

BUDGET HIGHLIGHTS

- 4.55% wage increase
- Increase in Legal 441400 due to higher costs adopted by Findlay Municipal Court as well as more activity from collections attorneys
- Increase in Refunds 448600 of \$200,000 due to employee withholding law changes for non-residents working from home
- Decrease in Part-time staffing 440901 due to a part-time temp employee being hired on as a full-time City employee



| STAFFING LEVEL | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------|------|------|------|------|------|
| City Full-Time | 4 | 6 | 6 | 6 | 6 |
| PT and Agencies | 4-5 | 1-3 | 2-5 | 2 | 2 |

OPERATIONS AND MAINTENANCE 2021 CAPITAL IMPROVEMENT HIGHLIGHTS

- Not applicable

2021 ACHIEVEMENTS

- Through October, past-due collections are ahead of 2020 by 12.93%; ahead of 2019 by 16.89%
- Through October, number of court cases filed are ahead of 2020 by 14.8%, number of garnishments filed are ahead of 2020 by 36.8%, translating to \$293,263.72 collected as post judgment payments this year as of October 31, 2021
- Significant research has been done concerning a long-term solution for the income tax software program
- Successful transition to new Tax Administrator effective June 16, 2021
- Filled full-time vacancy due to Tax Administrator transition

2022 OBJECTIVES

- Successful transition and conversion to a new income tax software program
- Successful management of Jenera income tax collections
- Continue to seek more efficiency and effectiveness of current daily processes
- Continue cross-training within the office to develop a more well-rounded department
- Continue progress in bringing non-filed accounts to legitimate conclusions
- Continue to pursue past-due collections
- Progress in filing compliance research



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% |
| 2021 | 20,308,913.37 | 2,785,723.91 | 8,084,692.55 | | | | 31,179,329.83 | 28.50% |

