



2022 ANNUAL REPORT

INCOME TAX
DEPARTMENT

Introduction

The City 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 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, six full-time City employees, and one seasonal staff member responsible for administering and enforcing the Income Tax Ordinance and the applicable Rules and Regulations pursuant with the Ohio Revised Code.

2022 Tax Department Staff	Local Board of Tax Review	Income Tax Board
Mary Price, Administrator Nichole Alge Holly Checki Melanie Donaldson Joseph Hoover Rita Knab 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.

In 2022, the City Income Tax Department posted a Request For Proposals regarding a new income tax software program. The department currently has EMIT, a homegrown computer software that was originally developed in 2002. EMIT is unable to figure all of the reports to meet the department’s needs, and with new tax law changes it is becoming more obsolete. Long-term, the best solution is to transition into a new software program. Extensive research and analysis for new software was a major undertaking this year, and a new program recommendation is currently pending approval from the Income Tax Board. Innovative Software Solutions, Inc. is adjusting the maintenance contract at the request of the Income Tax Board.

This year the department also transitioned two part-time employee positions to one full-time position. This has assisted in forming more consistency within the department, and has provided more opportunity to train with the rest of the office employees. This will continue to be helpful when the department is learning how to operate the new software program.

2022 Collections

Total collections for the City of Findlay in 2022 were \$38,297,616.29. This was an increase of 22.83% compared to 2021. For a complete breakdown of results from 1983-2021, see Appendix 1.

Actual Collections	Withholding	Individual	Business	Total
Actual Collection Amount	\$21,955,371.83	\$2,996,698.87	\$13,345,545.59	\$38,297,616.29
Increase or Decrease from Previous Year	\$1,646,458.46	\$210,974.96	\$5,260,853.04	\$7,118,286.46
Percent Increase or Decrease	8.11%	7.57%	65.07%	22.83%
Percent of Total Collections	57.33%	7.82%	34.85%	100.00%
Compound Annual Growth Rate Since 1983	4.63%	6.51%	8.83%	5.63%

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 in 2018 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	2021 Individual & Business Net Profit	2022 Employer Withholding
City of Findlay	26,313	3,597
Village of Arlington	841	243
Village of Mount Cory	157	69
Village of Vanlue	227	105
Village of Carey	2,842	600
Village of Mount Blanchard	321	90
Village of Jenera	N/A	30
Total	30,701	4,734

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, and future years 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.

The City Income Tax Department saw an increase in refund requests this year from the 2021 tax year. The refund requests totaled \$630,149.45 in 2022 versus \$424,224.84 in 2021 and \$507,260.56 in 2020.

Although it appears that the large majority of the workforce is now back to working in the office, the City Income Tax Department is expecting a larger amount of refund requests from non-residents again going into the 2022 tax year.

OML and NWOTCA

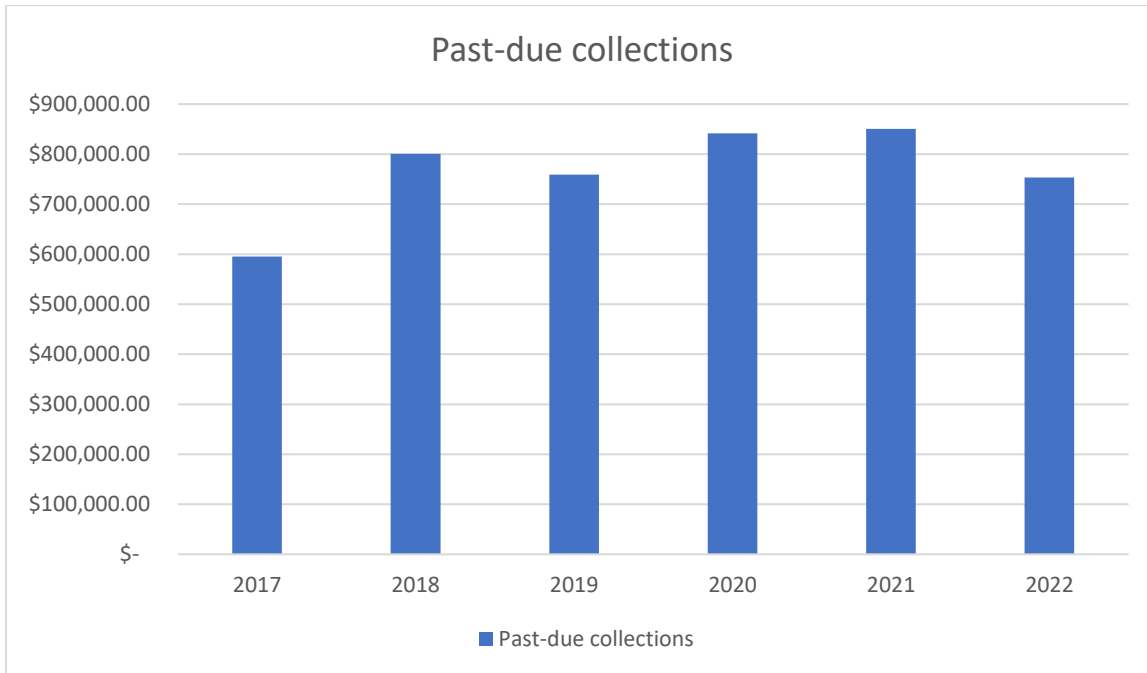
The Department continues its active participation in the Ohio Municipal League and one of its regional arms, the Northwest Ohio Tax Commissioners Association. Members of the NWOTCA generally meet bimonthly in the northwest Ohio area to offer training, to discuss tax policies and procedures as well as current and emerging legislative issues. The NWOTCA hosted a seminar in September of 2022 for all City income tax employees. All City of Findlay income tax employees attended this seminar. This event offered training on the administration of new tax laws, as well as provided networking opportunities with income tax department employees from other Ohio municipalities in the Northwest Ohio region.



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. All KPIs for 2022 were completed on time by the initial due dates.

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 2022 totaled \$753,274.85.



Objectives for the Next Year

In 2023, the Income Tax Department will be hoping for a successful transition, conversion and implementation to a new income tax software. Once this has been completed, opening the capability of E-filing tax returns online to the public will be a priority. Continuing to seek more efficiency and effectiveness of daily processes and continuing cross-training within the department to develop a more well-rounded department are goals as well. Additionally, once migrated to the new software, we hope to make major progress in filing compliance research.

Budget Summary Sheet



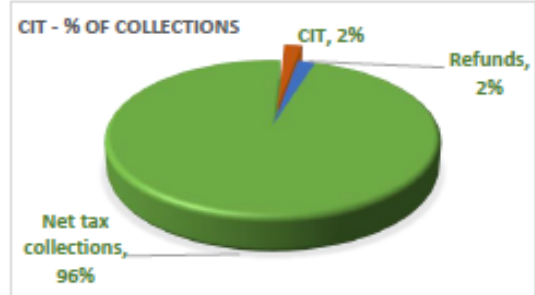
2023 Operational Budget Summary

CITY INCOME TAX
Administrator Mary Price

BUDGET	2020 ACTUAL	2021 ACTUAL	2022 ORIG BUD	2022 PROJECTION	2023 REQUEST	\$ change 2023/2022 BUDGET	% change 2023/2022 BUDGET
Personal Services	\$ 391,849	\$ 441,961	\$ 411,911	\$ 369,352	\$ 474,264	\$ 62,353	15.14%
Other	\$ 739,224	\$ 661,441	\$ 1,035,492	\$ 961,069	\$ 1,075,442	\$ 39,950	3.86%
TOTAL	\$ 1,131,073	\$ 1,103,402	\$ 1,447,403	\$ 1,330,421	\$ 1,549,706	\$ 102,303	7.07%

BUDGET HIGHLIGHTS

- Increase in salaries due to moving to all full-time employees, and no part-time employees as well as the 6% wage impact
- Continuing increase in Refunds 448600 due to employee withholding law changes for non-residents working from home
- Increase in Legal Costs 441400 going into 2023 due to expected increase in small claims court costs
- Increase in Software for 2023 & 2024 due to support for new income tax software



STAFFING LEVEL	2019	2020	2021	2022	2023
City Full-Time	6	6	6	7	7
PT and Agencies	1-3	2-5	2	0	1

2022 CAPITAL IMPROVEMENT HIGHLIGHTS

- New income tax software

2022 ACHIEVEMENTS

- Request for proposals concerning new income tax software was posted in late August
- Significant research and analysis was done concerning all software proposals received, with one receiving a recommendation of approval to the Income Tax Board
- Began collecting for Jenera income tax in January
- Completed various cross-training objectives to ensure a more well-rounded department
- Through October, number of court cases and garnishments filed are comparable to 2021, translating to \$266,719.39 collected as post judgment payments this year as of October 31, 2022
- Heavy emphasis has been put on filing compliance

2023 OBJECTIVES

- Successful transition and conversion to a new income tax software program
- Open the capability of E-filing tax returns to the public
- 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%
2022	21,955,371.83	2,996,698.87	13,345,545.59				38,297,616.29	22.83%

