

INCOME TAX BOARD

City of Findlay
May 1, 2024

MINUTES

ATTENDANCE

Members Present: Mayor Christina Muryn, Don Rasmussen, Susan Hite, Jim Staschiak II, Jeff Wobser.

Staff Present: Mary Price and Kathy Launder.

Guests Present: Holly Frische, 1st Ward Councilperson

APPROVAL OF MINUTES

Motion to approve minutes of the February 8, 2024, meeting as presented, by Auditor Staschiak, second by Treasurer Hite. Motion passed 5-0.

OLD BUSINESS

Minutes: Auditor Staschiak asked that we do a check to make sure all minutes have been submitted to Council as passed, not drafts.

Online filing: Price reported that online tax filing portal was heavily utilized the weekend prior to April 15 and the weekend of April 15. There were 850 returns filed on the efile portal this year. The online filing portal went live in March 2024. Price stated that the goal was to have 500 returns filed online. Auditor Staschiak asked if CPA firms filed electronically for their clients. Price stated that none have. Auditor Staschiak asked if we would have the authority to make professional organizations file returns electronically. He further stated it's something we should explore in the future only if its operationally beneficial for the Income Tax Department. Councilman Wobser stated that he gave positive feedback with a few tweaks suggested for better service.

Monitor Tax Collections: Auditor Staschiak asked Price how the Income Tax Department is monitoring tax receipts or change of tax receipts of all companies/employees in City of Findlay who may or may not be paying income taxes. Price stated that the majority of entities in Findlay are required to file monthly so any change would be noticed immediately month to month. Auditor Staschiak stated that we need to have reporting to Income Tax Board of unclaimed income tax W2 income filed and track it on an annual/quarterly/monthly basis. Thinks we need to start tracking if there is a lot more money that is unclaimed in the W2 reporting at the end of the year. Auditor Staschiak stated that we need to be monitoring unrequested W2, where they don't request a refund, track whether or not the City has people who don't have documentation, allowing them to collect that income tax to come back to them. If we see an uptick in uncollected or unfiled W2 income that could be an indicator of more illegals in the community. Mayor Muryn stated that what would be most beneficial is to have Price look into what you are trying to achieve and then come back to the Board with a recommendation on the best way to achieve it.

NEW BUSINESS

Year-To-Date Collections: Price reported that year-to-date collections were down 1.495% from last year. Price stated that we had a solid April, just not as good as 2023. She was pleasantly surprised at business first quarter estimates. Moving forward should have enough information to make some year end projections.

Collections, Estimates, Delinquencies: Price reported that there was an increase in March and April past due collections compared to January and February due to regular invoicing with new software. It was cumbersome with the old software to send out regular statements and balance due. Past due collections should be more consistent moving forward. Mayor Muryn inquired how it is working with Ohio Attorney General for legal services. Price stated that especially filing season and ability to offset state and federal refunds to pay these past due balances, it has affected the past due collections as well as less of a need to file wage garnishments. It saves the taxpayer money and City Income Tax staff time to send it to the State Attorney General's office to collect. This is one of the reasons why the wage garnishment number is down for 2024. The Ohio Attorney General's Office only charges a 10% fee. To file a wage garnishment with Findlay Municipal Court is a fee of \$110 which is then assessed back to taxpayer. Ohio Attorney General's Office has been doing well for us.

Legal Actions in Process and Contemplated: Law Director Rasmussen stated there is nothing to report.

Village Service Fees: Mayor Muryn stated that per the Board's previous conversation Price put together some scenarios for village collection service fees for discussion.

Auditor Staschiak made a point of order. He stated that per the City Ordinances, it is the Board that shall make the review of ordinances rules and regulations and make recommendations as needed. He stated that the Board hasn't had a chance to talk about the approach. Also respectful of time needed to give villages notice.

Motion that we choose to charge 3% of gross collections off the top for all collections outside of City of Findlay, by Auditor Staschiak, second by Treasurer Hite.

Discussion:

Mayor Muryn asked Auditor Staschiak to provide context on his motion. Auditor Staschiak stated it is not in the interest of the Board or respectful of the taxpayers for the City of Findlay to be doing it for one dime less than any of the professional collection fee, such as RITA, would be doing it for around the state. Appreciates the fact that we have neighbors, but we don't serve the neighbors, we serve Findlay. Based on gross amount of collections, it's a nominal amount of money. He further stated the benefit of shared data is significantly lower than it was. With the additional risk/liability, the City needs to make sure it is charging no less than what RITA charges. Not advocating that we institute a RITA-like formula. Best way to protect ourselves, is to charge 3% which is a fair and reasonable rate. Can justify a little less, but not 2%.

Mayor Muryn stated that it would be beneficial to hear the thoughts behind the scenarios that Price distributed to help understand other options before a vote is taken on Auditor Staschiak's motion. Price stated that she researched the different options provided in the proposal. She spoke with City of Akron who administers for several of the municipalities in their area who provided their fee structure. City of Akron charges a straight 1% administrative fee for all collections received for each municipality. Option 3 in the proposal is a straight 2% administrative fee on all collections received for each municipality. Option 2 in the proposal is the exact two-part formula that RITA and CCA currently use, which ends up being roughly a 2%-3% fee for their collections for each municipality.

Mayor Muryn stated considering the concern of Auditor Staschiak of the burden on Income Tax Department staff and added work that is not benefitting Findlay taxpayers, asked Price how providing services to the other villages impacts the department's operation. Price stated that it is nowhere near the Findlay impact. Findlay has a large majority of the accounts. There are days that the City doesn't receive any collections from villages. It is not heavy. The department would have the same number of staff if just collected for Findlay and removed village collections. Price finds it advantageous because it offsets operating costs if we collect from the villages and in turn charge for the services. It is not a huge burden to the Department.

Auditor Staschiak asked if we know for certain if the insurance carrier is covering the City for this activity that is beyond the boundaries of Findlay? Mayor Muryn stated that our insurance carriers are aware that we provide this service. Auditor Staschiak stated that we should have it footnoted by the insurance audit that the insurance company is covering properly. Auditor Staschiak also stated that he does not want to further the City's liability or board members' liability of getting sued by taxpayers of villages the City collects. Mayor Muryn stated that we can put language in the service agreement that all legal fees and administrative time are reimbursed for any lawsuit that is brought against the City. Auditor Staschiak isn't concerned with reimbursement of time or legal fees, he does not want the liability of being sued personally and all the implications of that. Councilman Wobser agrees that we should pass along additional administrative costs that are associated with any law suits. Mayor Muryn clarified that the taxpayer who is currently taking legal action against the City has issue with the income tax ordinance that has been adopted. The ordinances are adopted by the specific villages not by Findlay. Auditor Staschiak states that villages should be charged at a rate that they would be charged by any other entity for the collection of income tax. We don't want to be a better service because we are cheaper, because we are still taking on the risk. Mayor Muryn stated that she doesn't see it as being just a good neighbor, she also thinks that there are lots of people that work in multiple communities or live in multiple communities in the region that it is beneficial to some of our Findlay residents that may be working in other communities that they are only having to file in one location. There is an added benefit and does help offset our costs. Mayor Muryn stated that 3% was not what she was considering, but asked Auditor Staschiak if he would be open to raising it to 2% next year and then 3% the following year. That way we are giving the villages plenty of heads up to look at alternatives and be able to evaluate and have that predictability. Auditor Staschiak said he would like to hear from other Board members. He is not comfortable with 2%. He is comfortable with 2.75%. He thinks it needs to be closer to 3% rather than 2% or 2.5%. Councilman Wobser asked what the current fee structure is. Price stated that we currently recoup the cost that we use for the operating expenses; operating expenses divided by the number of accounts. Councilman Wobser asked if charging 1% would be an increase for villages. Price confirmed that it would be. Mayor Muryn stated that she would be comfortable with 2% for 2025 to give villages more lead time to look at other alternatives, and then raise fees to 3% in 2026. That way we are still covering our costs. We have fixed costs that we have been offsetting by collecting for villages and that has been beneficial to us without putting a burden on our Income Tax Department staff, so Mayor Muryn feels there has been benefit to the taxpayer.

Motion to amend motion to charge 2.5% of gross collections for the first year, and 3% of gross collections the following years, by Auditor Staschiak, second Law Director Rasmussen.

Discussion:

Mayor Muryn stated that she will not vote for this amendment. She is more comfortable with charging 2% of gross collections for 2025 and then review on an annual basis. It makes more sense to do 2% and then reevaluate. Mayor Muryn would like to better understand the expenses since we have the e-filing. Mayor Muryn stated that she understands Auditor Staschiak's point of this needing to provide value to the taxpayers of the City of Findlay. She thinks it does, and she is comfortable making a margin, but does not feel it is necessary or appropriate to suddenly go to 3%. Auditor Staschiak stated not suddenly going to 3%, per Mayor Muryn's suggestion we are going to step it. Council has said there is an expectation that they want to see this increase and there should be value to it. There is no justification, irregardless of what's out there, there is no justification for not charging what competitively is being charged in the market for a certain service. He further stated if this Board doesn't charge a competitive rate, and 2.5% is certainly competitive, then will be saying to taxpayer that we are doing a favor for all villages whether they are in Hancock County or not, and we are going to take care of income tax collection for less than they can get it anywhere else just because we want to help them. There is no justification to the Findlay taxpayer based on the risk we are taking. Mayor Muryn stated that Auditor Staschiak's comment is his opinion. Mayor Muryn stated that 2% is a sufficient margin for the City to make. RITA charges 2-3% retained and then is reevaluated based off their actual expense. Mayor Muryn does think 2% straight is covering our expense plus the reimbursement of their specific

expenses, so we are getting both. She believes there is a way to address the specific expenses related to the services we are providing that is the expectation that would continue to be included and then the 2% on top of that would be straight benefit.

Councilman Wobser stated that he is going to vote against this so we can look into it further and vote on this at a later date and get it right the first time versus putting something out there that may change later down the road. Law Director Rasmussen stated that he is a nay. He would like more information. Mayor Muryn stated that she is also a nay. She agrees with modifying the rates. There are more details that need to be worked through. Today was supposed to be a starting point for discussion.

Motion did not pass, 2-3. Vote: Auditor Staschiak aye; Treasurer Hite aye; Mayor Muryn nay; Law Director Rasmussen nay; Councilman Wobser nay.

OTHER BUSINESS

Next Meeting: Meeting schedule for 2024: August 7, and November 6. All meetings will be held at 2:30pm in the third floor conference room of the Municipal Building.

Being no further business, the meeting adjourned.

Respectfully submitted,

Kathy K. Launder
City Clerk