

City of Findlay, Ohio

Income Tax Department

Annual Report

2013

Structure and Composition

The Income Tax Department is comprised of an Administrator, one full-time staff member, and two to five full-time and part-time third-party staff members who are responsible for administering and enforcing the Income Tax Ordinance and the Rules and Regulations. 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 Administrator is appointed by and reports to the Mayor, who serves as Chairman of the Income Tax Board. The 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 Chairman, 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.

The Mayor, Law Director, and Treasurer each appoint an elector for lifetime service to the Board of Review, whose purpose is to rule on taxpayers' initial formal appeals. The Board of Review members are Mayoral appointment Martin Terry, Law Director appointment Douglas W. Huffman, and Treasurer appointment John W. Pinski, CPA.

2013 **Tax Department Staff**

Andrew Thomas
Tonya Stillberger
Christina Wilcox
Shannon Gorman

2013 **Board of Review**

Martin Terry
Douglas W. Huffman
John W. Pinski, Jr. CPA

2013 **Income Tax Board**

Mayor Lydia Mihalik
Don Rasmussen
Susan Hite
Jim Staschiak II
Randy Ward

Income Tax Department Activities

I. Past-due Collections

Past-due collections in 2013 amounted to over \$474,000 of which \$64,174 is attributable to the one-quarter percent increase in place for tax years 2010 and 2011.

II. Tax Forms Mailing

This marked the third year that we mailed postcard filing notices to individual and business taxpayers in lieu of tax forms packages. To facilitate this change, we reserved the “findlaytaxforms.com” domain for customers to access the Tax Department’s website more easily. The URL address directs users to the forms page, which also offers a link to the department’s main website.

III. Software

We have been using our existing proprietary database software package developed, supported, and maintained specifically for Findlay since October 2003.

IV. Ohio Business Gateway

The Ohio Business Gateway is administered primarily by an arm of the Ohio Department of Administrative Services in conjunction with at least eight other State agencies. The Income Tax Department continues to receive a growing number of extension requests, estimate payments, income tax return filings, and employer withholding remittances through the Gateway.

V. Village of Arlington

The Tax Department has completed its eleventh year of administering the income tax on behalf of the Village of Arlington. The process continues to proceed smoothly and routinely. The Tax Department administers approximately 145 employer withholding accounts and approximately 775 individual and business accounts. Arlington incurs their own costs for refunds, tax forms, and court costs.

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

Arlington is prohibited from imposing tax on resident shareholders' distributive shares from S corporations. Bills originating in both the Ohio House and the Senate established voting requirements available only to communities that were imposing tax on this income by ordinance, rule, or regulation as of December 2002, which the Village was not. 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, Arlington is eligible to impose tax on S corporations only at the entity level.

VI. NWOTCA and OML

The department continues its active participation in the Ohio Municipal League Income Tax Committee 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 also hosts a biannual municipal income tax seminar for area tax professionals.

The Ohio Municipal League Income Tax Committee is comprised of income tax administrators and commissioners from each of the major cities and from several other communities across the State. The committee functions in a similar fashion as the regional groups, but works directly with the OML. The focus of this year's meetings was the municipal income tax uniformity bill, Ohio House Bill 5.

VII. Credit Card Payments

In March 2006, the Income Tax Department partnered with Official Payments to allow taxpayers to pay taxes using Visa®, MasterCard®, American Express®, and Discover® credit and debit cards. Taxpayers can visit www.officialpayments.com through a link on the department's website, or they can call 1-800-2PAYTAXSM and use an assigned jurisdiction code. Official Payments charges the users a convenience fee for its services, so there is no expense to the City. Official Payments has partnered with the IRS, 27 states, 350 educational institutions, and over 4,600 municipalities.

VIII. Equipment Purchases

There were no major equipment or computer equipment purchases in 2013.

Income Tax Board Activities

The Income Tax Board's activities relate to legislative issues that are discussed in part I of the section below entitled *Ballot Issues, Ordinances, and Federal & State Legislation*.

Ballot Issues, Ordinances, and Federal & State Legislation

I. City of Findlay

There were no ordinances or resolutions passed by the Income Tax Board or City Council.

II. State of Ohio

After nearly three years of discussion and debate, the Ohio of Representatives passed House Bill 5 (formerly House Bill 601 of the 129th General Assembly). The bill was assigned to the Senate Finance Committee chaired by Scott Oelslager, who designated Senator Bob Peterson to manage the municipal income tax uniformity legislation. The bill's status, analysis, and other information can be viewed at: legislature.state.oh.us/bills.cfm?ID=130_HB_5.

2013 Collections

Total collections for 2013 increased 13.33 percent from the prior year to \$24,982,165.22, surpassing the highest previous one-percent year, 2007, by nearly \$3,800,000. At the one percent rate, total collections increased 30.52 percent to \$23,084,140.42 and increased in each of the three categories, Withholding, Individual, and Business 7.68, 6.26, and 307.7 percent, respectively. Also at one percent, average annual collections have increased approximately 5.58 percent since 1983.

In November 2009, residents approved the first tax increase since Findlay's income tax was enacted in 1967. By 6,393 votes to 5,336, the rate went from 1 percent to 1.25 percent for tax years 2010 through 2012. The rate increase was not renewed on November 6, 2012.

Year	Withholding	Individuals	Business	Penalty	Interest	Court Costs	Annual Total	Percent 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	8.022%
1985	4,319,335.66	266,777.96	597,036.91	19,363.93	9,217.38		5,211,731.84	6.585%
1986	4,535,912.71	280,826.24	735,800.80	23,635.45	10,229.30		5,586,404.50	7.189%
1987	4,742,921.72	277,580.70	669,662.73	22,763.67	8,740.45		5,721,669.27	2.421%
1988	5,163,757.03	226,986.09	848,066.77	25,897.25	9,846.35		6,274,553.49	9.663%
1989	5,476,502.70	170,799.84	979,710.34	26,058.96	10,949.12		6,664,020.96	6.207%
1990	5,675,101.72	188,207.58	1,025,850.19	24,888.77	9,346.84		6,923,395.10	3.892%
1991	5,931,941.86	166,208.66	1,010,756.14	27,302.08	10,643.97		7,146,852.71	3.228%
1992	6,289,451.95	186,443.83	988,063.95	33,152.40	9,890.77		7,507,002.90	5.039%
1993	6,684,164.38	205,929.18	1,155,081.49	9,493.19	6,478.25		8,061,146.49	7.382%
1994	7,758,133.70	799,090.40	795,075.82	5,872.52	9,425.80		9,367,598.24	16.207%
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	0.858%
1996	7,980,004.16	953,301.40	998,036.93	8,179.61	16,439.74	2,192.61	9,958,154.45	5.400%
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	5.749%
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	11.297%
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	11.967%
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	-0.195%
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	9.646%
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	3.969%
2003	11,168,674.96	1,265,421.63	1,844,708.55				14,278,805.14	-4.366%
2004	11,487,765.80	1,353,537.81	2,424,514.11				15,265,817.72	6.912%
2005	12,000,950.29	1,461,004.10	3,869,817.42				17,331,771.81	13.533%
2006	12,266,197.92	1,561,949.10	4,714,847.44				18,542,994.46	6.988%
2007	12,926,239.03	1,511,186.46	6,748,538.47				21,185,963.96	14.253%
2008	12,988,959.04	1,582,588.29	1,114,157.16				15,685,704.49	-25.962%
2009	11,990,526.45	1,640,212.82	949,911.69				14,580,650.96	-7.045%
2010	15,385,538.83	1,973,146.33	1,218,868.23				18,577,553.39	27.412%
2011	17,136,493.06	2,465,978.05	1,429,072.43				21,031,543.54	13.209%
2012	17,850,224.19	2,505,396.68	1,688,434.43				22,044,055.30	4.814%
2013	15,811,122.25	2,486,360.48	6,684,682.49				24,982,165.22	13.328%

Annual Collections

