

INCOME TAX BOARD

City of Findlay

May 7, 2014

MINUTES

ATTENDANCE

Members Present: Mayor Lydia L. Mihalik, Don Rasmussen, Susan Hite, Jim Staschiak II, Ron Monday.

Staff Present: Andrew Thomas and Kathy Launder.

APPROVAL OF MINUTES

Auditor Staschiak asked that the minutes be amended to reflect that he left the October 23, 2013, meeting early due to a scheduling conflict because the meeting date was changed.

Motion to approve minutes of the October 23, 2013, meeting as amended, by Auditor Staschiak, second by Law Director Rasmussen. Motion passed 5-0.

NEW BUSINESS

Year-To-Date Collections: Thomas reported that overall collections were down 7.585%. This is primarily due to the early 2013 roll off of the .25 percent rate in effect for 2010 through 2012. The Employer Withholding was only down .02% which is positive considering the roll off. Looking at April month end last year compared to this year, excluding the .25 percent rate, employer withholding is up 7.55% year-to-date. Thomas will provide an update on May 19.

Ohio House Bill 5 Update: Thomas reported that there is a lot behind-the-scenes activity on House Bill 5, but nothing formal. It is in the Senate Finance Committee. The main issue with the OML is the 5 year carry-forward loss. Not all cities have a 5-year carry forward loss. Last Thomas heard there are only two senators who are ready to pass the bill as it stands. Thomas reported that the proposed Taxpayer Bill of Rights provisions will prolong the time a city has to wait to take a delinquent taxpayer to court. The bill requires a 60-day waiting period. Another amendment would change who appoints the members of the Income Tax Board of Review. Currently the Mayor, Law Director, and Treasurer each appoint one of the three members of the board. The existing Board of Review members are Mayoral appointment Martin Terry, Law Director appointment Douglas W. Huffman, and Treasurer appointment John W. Pinski, CPA. The amendment would change it to one member being appointed by the Mayor and two members appointed by City Council. Also, it would change the length of the term from indefinitely to two-year renewable terms.

2014 Tax Season: Thomas reported that April 15 is typically an extremely busy day. This year was no different and, in addition, Friday, April 12 and Monday April 14 were also very busy. Due to some complications that were experienced this year and due to the high volume of incoming faxes received on the final due date, he suggested separating the fax machine from the copy machine. He also suggested the purchase of at least one wireless headset so incoming phone calls can be answered more efficiently and a new check endorser to keep the 2007 model as a backup.

Mr. Thomas compared and contrasted the batch and data-entry process for entering returns that are prepared for taxpayers, reviewed and approved, or reviewed and amended, to the data-entry process for entering payments that accompany annual income tax returns filed on or near the April 15 due date. After the due date, all the mail is opened for it to be identified, sorted, and prioritized. This process requires approximately 90 hours of uninterrupted labor to open, extract, and sort the multiple varieties of returns, forms, and correspondence that are submitted. This requires significantly more labor than is required to open and process other mail, such as

the employer withholding remittances that are received during the other eleven months of the year. Because the staff needs to attend to post-due-date fallout and because the office remains open to the public after the April 15 due date, this 90 hours of labor is spread over a three-day period. Once the mail is opened and sorted, the payments are entered, pulled, swapped for review, balanced, and posted. The checks are endorsed for deposit and the returns are assembled and stored in a traceable manner. A unique payment-only data-entry screen exists in the Tax Department's software for the sole purpose of expediting this time-sensitive process. The 2014 peak day of processing occurred one day sooner than 2013's peak day and the department processed 1,478 payment transactions. This was 23.9 percent more than 2013's peak day—an exceptional increase for which the staff has been commended. Mr. Thomas acknowledged the time constraints for which payments should be deposited, hence the payment-only data entry screen and the prioritized and orderly process in which the payments are deposited. He is confident though that Findlay's Tax Department processes the payments as timely or sooner than other communities the size of Findlay or larger that are all subject to comparable time constraints. He cited one community that would need until April 26 to complete the process despite a three-day time constraint.

The season was blemished because the April remittances from the payroll service providers were mistaken for W-2s submissions and thus not entered and deposited the day they arrived as is the custom 16 times each year. Mr. Thomas has implemented internal measures to prevent this untimely error in the future. Mr. Thomas explained that these remittances can be submitted and imported electronically into the Tax Department's software and deposited directly into the City's bank account via ACH credit thereby eliminating any risk of this delay occurring again. This is the preferred method of submission by the payroll service providers. However, this results in hundreds of entries on the City's bank statement each month and is thus understandably forbidden by the Auditor's Office. Further, reconciling the bank entries with the Tax Department's imported entries would be more cumbersome than department staff entering the payments by hand and depositing hard copy checks.

OTHER BUSINESS

Letter to Income Tax Board: Auditor Staschiak stated that a letter addressed to the Income Tax Board was received by the Auditor's Office from Beancounter Tax Service requesting a full copy of the official minutes of the meeting of the Findlay Income Tax Board of review concerning a client. Auditor Staschiak asked for direction. Law Director Rasmussen stated that as stated in the letter to Beancounter Tax Service concerning its client, its client "is not eligible for a hearing before the Income Tax Board of Review" due to the client being bound by Judge Jonathan Starn's judgment entry. Law Director Rasmussen will draft a letter to Beancounter Tax Service replying to its request.

Next Meeting: Meeting schedule for 2014: August 6, and November 5. All meetings will be held at 8:30 a.m. in the third floor conference room of the Municipal Building.

Being no further business, the meeting adjourned.

Respectfully submitted,


Kathy K. Launder
City Clerk