

# INCOME TAX BOARD

City of Findlay

February 4, 2015

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## 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**

Motion to approve minutes of the November 5, 2014, meeting as presented, by Auditor Staschiak, second by Treasurer Hite. Motion passed 5-0.

### **NEW BUSINESS**

2014/2015 Year-To-Date Collections: Thomas distributed a report that showed overall collections are down 2.619%. Employer Withholding is down 4.363% over last year, Individual Collections are down 6.792% over last year, and Business collections are up 78.671% over last year. Thomas noted that January 31 of 2014 was a Friday, but a Saturday in 2015. This could delay incoming 2015 remittances a few days.

House Bill 5: Thomas distributed highlights to the local income taxation reforms overhaul that the Governor signed into law recently and discussed his initial interpretations of major provisions of the bill. He reported that in 2016 the no netting will take effect. This could benefit the city by \$50,000 to \$100,000. The 5-Year Net Operating Loss Carryforward will be phased in, even for communities that already have a 5-year carry-forward loss. All gambling winnings will be taxable and losses may be allowed up to the amount of winnings. The Ohio Lottery is the only organization, so far, that reports winnings to the Tax Department. Negative provisions: the 20-day rule goes into effect for contractors and non-resident itinerant employees; individuals' gains on the sales of business property will not be taxable; the threshold for payment of tax due is increased from \$5.00 to \$10.00; billing for taxes due will be considered an assessment and therefore will need to be sent by certified mail increasing mailing costs by an estimated \$10,000 per year.

Installment Tax Payments: Auditor Staschiak requested clarification for the record of what changed and why regarding installment tax payments (referenced during the December budget hearings) for companies vs. estimate payments.

Thomas stated that instead of a business paying all the tax due in October, they will make three installment payments of 20 percent of what they estimate the previous year's tax liability will be. They are expected to recalculate the annual estimated tax each time an installment payment is made. The installment payments will be due February 15, May 15, and July 15 after the tax year. The purpose of the installment payments is to respond to a taxpayer's desire to work with the City with regard to payments, to accelerate incoming cash flows from a one-time payment in October of the following year, and to establish three periods of feedback whereby the taxpayer will be declaring their previous year's tax liability to the Tax Department.

Auditor Staschiak asked how many businesses are impacted. Thomas reported that just one business is impacted. Auditor Staschiak asked if this business was notified in writing of this change. Thomas stated that a letter requesting this change was sent. Auditor Staschiak asked for how long. Thomas

stated that there is no time frame. Mayor stated that one business came to the City wanting to be a good taxpayer. Making installment payments on what you know you made makes more sense. This business is not required to make this change to installment payments. They have offered to make this change to eliminate concern. They want to be a community team player.

Thomas stated that for Federal purposes many companies file tax returns in October, then file City tax returns. In April they submit an extension to file which is sometimes accompanied by an extension payment.

Mayor: Try to address concerns relative to cash flow issue to “properly make operation decisions.” Companies make estimate payments before they know what their quarterly earnings are going to be which makes it difficult to more accurately estimate tax due which potentially leads to significant overpayment of taxes.

(Note: The Tax Department has not completed a review for potential candidates for the installment payment plan.)

## **OTHER BUSINESS**

Next Meeting: Meeting schedule for 2015: May 6, August 5, and November 4. 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