

# INCOME TAX BOARD

City of Findlay  
November 4, 2015

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## MINUTES

### **ATTENDANCE**

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

Staff Present: Andrew Thomas and Kathy Launder.

Guests Present: Holly Frische, 1<sup>st</sup> Ward Councilperson; Max Filby, The Courier.

### **APPROVAL OF MINUTES**

Motion to approve minutes of the May 6, 2015, meeting as presented, by Rasmussen, second by Mayor Mihalik. Motion passed 4-0.

Motion to approve minutes of the August 5, 2015, meeting as presented, by Mayor Mihalik, second by Rasmussen. Motion passed 2-0-2; Staschiak and Hite abstained.

### **NEW BUSINESS**

2015 Year to Date Collections: Thomas reported that year to date collections are up 8.925% overall. Individual collections are dropping in Ohio due to change in S Corporation filing requirements.

Revenue no longer appears on Schedule C.

Staschiak requested a comment on how the tax deferrals affect tax revenue. Thomas stated that the business collections are up \$646,731.12.

Staschiak asked are the tax deferrals more or less in 2016? Thomas stated that he is looking at apples to apples. Staschiak do you know the dollar amount of the tax deferrals for revenue projections?

Thomas stated that the projected estimate takes into account all scenarios including deferments.

Staschiak asked if businesses did better in 2014 than expected. Thomas stated that the carry forward losses are being consumed, and businesses are now paying in. Looking at the economy prior to 2008, it appears we are returning to that level. In 2016, estimating only a \$400,000 increase.

Staschiak asked if it is a standard growth or boom. Thomas stated there is no consistency.

Staschiak stated that the individual collections estimated up \$22,000. Is it attributable to Schedule C stuff? Do you expect that to impact into 2016? Thomas stated that it is a non-issue.

Staschiak asked if there is an impact on revenues with McLane. Thomas stated that he factored in McLane for his estimate for 2016, but it mainly affects 2017. Staschiak asked if there are there any other factors of potential growth Thomas added in his estimate. Thomas stated that there are not. He looks at growth rate and 25 or so businesses that pay. Staschiak asked if the growth is in base growth or in added jobs. Thomas mentioned that unless we are expecting an increase in jobs (Note: e.g., McLane) the historical trends include both. Both and based on historical trends. Staschiak asked if is there a way to differentiate. Thomas existing entity may change from partnership to LLC. Tax revenue would show \$0 for one and \$20,000 for new.

Staschiak asked about individual base line growth. Thomas stated a 4% compound average growth rate.

Staschiak inquired if McLane is the only new business to impact revenues. Thomas is not aware of any other new business.

Staschiak asked if we know deferment impact? Thomas is looking at history of businesses on file.

Budget: Thomas presented an overview of the budget detailing some changes from last year:  
311102 Printing – increased due to sending some bills as certified. Instead of sending with the card from USPS, special envelopes can be purchased preprinted; will incur additional costs for design changes to the tax forms due to House Bill 5; accounting for additional costs in the event we collect for two other villages.

332100 Small Equipment – purchase 4 new computer workstations recommended by Computer Services; new scanner-was budgeted for 2015 but unable to make software changes this year; wireless headset for telephone-budgeted for 2015 but new phone systems are not in place yet.

441100 Professional Services – One additional user for Lexis Nexis

441400 Court Costs - \$57,500 is same as last three years. We don't always use this much, but have been close in the past.

441700 Software – In response to a House Bill 5 mandate, budgeted for Pitney Bowes Send Suite software that will enable us to send certified mail without handwriting the USPS green cards. This is an estimate. Unable to get in touch with Pitney Bowes representative for actual cost. Most likely will be able to reduce this amount before goes to Council. Also may be able to piggyback on Municipal Court's account and split their existing costs.

Budgeted for an update to the scan-docs application. This is a limited use application for a certain type of document.

Thomas stated that he is proposing to move away from using Accountemps, and hire employees as City employees. There will be a total of five full time employees and one part time employee. Staschiak requested an organizational chart.

Staschiak asked if the board should make a motion to approve the budget. Mayor Mihalik stated that the budget presented is only a draft and subject to change. Mayor Mihalik is not comfortable with a motion to approve. Rasmussen stated that it is not necessary for a motion to approve the budget since Council is responsible for approving the budgets for the City of Findlay. Mayor Mihalik stated that she would be happy to have a meeting to approve the Income Tax Department budget once it is finalized.

Findlay's House Bill 5 Ordinance: Ordinance 194.064 and 194.065 Tax Credits for Job Credits for New Jobs.

Thomas stated one change is the mandatory filing. An individual can file a return stating that it is a final return if no income is expected in future years so that they are not required to file. This is a status quo ordinance. All residents 16 years and older are required to file a tax return whether or not they have income.

Staschiak asked how do we let all the 16 year olds know that they are required to file an income tax return for the City of Findlay.

Thomas everyone who files a return with the IRS or State of Ohio-their information is sent to Findlay Income Tax Department. From that information a postcard is sent letting the taxpayer know they have to file a return.

Staschiak is the code that requires non working 16 year olds and 17 year olds to file a tax return necessary?

Thomas stated that this is how the model ordinance is written. This is a filing requirement.

Staschiak can the City of Findlay omit the language requiring non working 16 year olds and 17 year olds to file a tax return?

Motion that should the City of Findlay be allowed to eliminate the language based on House Bill 5 that requires non working 16 year olds and 17 year olds to file a tax return, that the City of Findlay remove that portion of the language so that the City of Findlay is not putting that burden on non working 16 year olds and 17 year olds, by Staschiak, second by Hite. Vote: Staschiak, aye; Hite, aye; Rasmussen, nay. Motion failed for lack of quorum.

Staschiak do we take taxpayers straight to court if they do not file? Thomas stated that taxpayers who do not file a tax return are notified by mail that they are delinquent. If they do not respond, then they are taken to court.

Staschiak thinks this is a burden on families to file.

Thomas stated he is not comfortable proceeding with this discussion without Mayor Mihalik being present.

Allocation portion of Ordinance: In 2016 81% of tax received will go to General Fund and 19% will go to Capital Improvement. In 2017, 80% of tax received will go to General Fund and 20% will go to Capital Improvement.

Staschiak the rules have changed. When will the new filing instructions and forms be available.

Thomas reported that the new instructions and forms will be available for the 2016 filing period.

Staschiak inquired of the status of requirements for appointment of Income Tax Board of Review.

Council and Mayor are responsible for appointments to the Board of Review. There are restrictions on who the Mayor and Council can appoint based on their affiliations with the City of Findlay.

Staschiak are we putting sunset language in the ordinance? Rasmussen stated that there is no reason to put sunset language in the ordinance. We do not have a clear indication of when all the requirements to file will be complete. Once they are completed, then we can remove.

Staschiak what is considered to determine if taxes are paid on time, when the payment was made?

Thomas stated it is determined by the post marked date.

Staschiak are we taking this ordinance to Appropriations. Rasmussen said yes, then to Council.

Staschiak requested the ordinance be emailed to board members.

## **OTHER BUSINESS**

Next Meeting: Meeting schedule for 2016: February 3, May 4, August 3, and November 2. 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