

INCOME TAX BOARD

City of Findlay
November 6, 2019

MINUTES

ATTENDANCE

Members Present: Mayor Christina Muryn, Don Rasmussen, Susan Hite, Jim Staschiak II, Grant Russel.

Staff Present: Andrew Thomas and Kathy Launder.

APPROVAL OF MINUTES

Motion to approve minutes of the August 7, 2019, meeting as presented, by Treasurer Hite, second by Director Rasmussen. Motion passed 5-0.

NEW BUSINESS

2020 Budget: Thomas presented the budget for 2020 for Income Tax Department. Thomas stated that there is an increase in insurance due to an employee leaving who had single insurance so he budgeted for family insurance for the potential new employee. Increase in 443102-additional cost for postage due to blast mailings for delinquents. Decrease in 440901-will move temporary employee to permanent part time (111500).

Motion to approve budget as presented by Auditor Staschiak, second by Councilman Russel. Motion passed 5-0.

Revenue Estimates: Thomas presented the projection report for traditional and adjusted projections as of October 23, 2019. To project 2020, Thomas uses the compound annual growth rate chart as an example to see where it puts us. The business collection is always tricky, we are doing pretty well this year. It would be pretty hard to project any kind of growth next year. 2021 is a cookie cutter approach from 2020. Adjusted projection with businesses making estimated payments throughout 2020 assuming we have status quo on net profit collections.

Auditor Staschiak asked and Mr. Thomas stated the \$7,050,000.00 business income tax projection estimated for 2020 was arrived at by adding an approximate \$4,000,000.00 of business tax projections to the approximated \$3,000,000.00 in waved/deferred payments reported to City Council throughout the year.

Staschiak stated that the numbers don't feel right to him. He feels it is a percent or two lower than what he thinks it should be.

Thomas states that the top 100 employers are up, 75% of our remittances, they are up 3.3% as of October 25 which is \$384,000. The remaining 25% of employers are down 3.95% which \$168,000. There is no major thing that stands out that there is anyone not filing.

Thomas stated that we ask employers for their payroll at the end of each year to determine if they are paying the income tax withholding they should be paying.

Nonresident temporary employee may present a challenge if they are working in different cities. When working in Findlay the taxes may not be withheld for the proper city. Thomas stated that there are checks and balances within the temporary agency that helps with properly withholding.

Mayor stated that we are not adding employees into businesses in the City, they are just moving jobs.

Staschiak asked if we need to create processes to pursue nonfilers, such as those with internet businesses operating in Findlay.

Mayor stated that any online business would need to have a Tax ID number, which means you would have to have a business registration in the state. If they are registered in the state of Ohio then they will be in the state system to pay their state income tax and we subscribe to the database that annually we receive the list of taxpayers so we can cross reference to our local taxpayers. Thomas stated the database is a list of individuals not businesses. One thing that would be helpful is to have the landlords supply us who their tenants are. Data we get from the state are just those who file with the state. If individuals don't file with the state, we won't get the data. Perrysburg has an ordinance that requires landlords to supply names and address and social security numbers of their tenants. We do cross reference with water/sewer billing.

Thomas stated that we implemented mandatory filing in 1993. That is a lot of work. To implement, administer, and pursue delinquents is about all that can be done. The biggest return is pursuing the non filers. Last year we received \$800,000 from non filers.

Rasmussen stated that we are sending reminders. We are not going to go knocking on doors.

Thomas stated the annual reconciliation surfaces some.

Mayor the folks that may not be paying are the small business and sole proprietors, may help to put a blurb in the Chamber of Commerce newsletter to remind people to file their taxes.

Staschiak asked does this board wants to pursue non filers. Staschiak stated that the W2 just feels wrong. With the population growth, business growth, wage growth, low unemployment states that our W2 growth should be larger due to additional businesses located.

Mayor stated even though we have added business, we have not added a ton of jobs. Mayor thinks we are getting people moving from job to job rather than a lot of new jobs being added.

Staschiak stated that we may need to talk with Council and look at the CRA and economic expansion. The trade off with the CRA is that they don't pay the sales tax on the build, and waive the real estate for all those years and not get our cut on the growth and value of that, the initial thought is that they should bring the jobs in that add to our revenue otherwise what is the benefit to encourage the company to come here we don't see the revenue and there is additional burden on City services. If we are not increasing jobs maybe we need to have conversations on how we are incentivizing this economic development that we are seeing not just giving people breaks.

Mayor stated that we are having businesses coming in that are strong business revenue entities, but not necessarily large employee entities. Getting good business revenue, but not having a lot of employees who produce the income tax.

Staschiak stated that he wasn't criticizing just saying that if this board is interested, then we should take a deeper look at it, and then if it takes down a path, then maybe step back and take a look at it. Not criticizing CRA, just saying one discussion leads to another.

Year-To-Date Collections: Thomas stated that small employers are down again. Employer withholding is up 1.473%; Individual is up 5.706%; Business is up 29.598%; and overall collections are up 6.096%.

Collections, Estimates, Delinquencies: Thomas reported that we are \$500 less than what was spent last year on court costs. Court costs include garnishments, court cases, and our collection attorney fees. Rasmussen stated that it is continuing. Thomas stated that he has a report of what the past due collections are and compares it to total collections. There are times where there are isolated situations that cause spikes. Last two years we had that and either they are compliant or they don't exist any longer. October 2019 didn't look as good but it had nothing to do with what we did or did not do. If we are doing our job past due collections will probably increase, but our goal is to get them to voluntarily comply.

Legal Actions in Process and Contemplated: Rasmussen stated that we are filing actions and getting the judgement, then if non payment, then file for garnishment.

OTHER BUSINESS

Next Meeting: Meeting schedule for 2020: February 5, May 6, August 5, and November 4. All meetings will be held at 1pm in the third floor conference room of the Municipal Building.

Being no further business, the meeting adjourned.

Respectfully submitted,

Kathy K. Launder
City Clerk