



THE HEART OF CUYAHOGA COUNTY

**6800 Brecksville Road
Independence, Ohio 44131
216.524.4131**

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, January 20, 2023

Re: Finance Office and Related Topic Updates

Income Tax Receipts – January

The Regional Income Tax Agency (RITA) has posted the January income tax receipts and the generally “flat” trend continues.

Of course, it’s only one month and the first month of the year, so it has to be taken for exactly what it is – simply one-month’s income tax collection.

Following are the income tax receipts for the last six (6) Januarys:

<u>Year</u>	<u>January Income Tax Receipts</u>
2023	\$2,603,494
2022	\$2,623,183
2021	\$2,373,698
2020	\$3,034,406
2019	\$2,753,833
2018	\$2,757,286

Income Tax Receipts – January - Continued

Disregarding the abnormally “high” January in 2020 and the abnormally “low” January in 2021, the other four (4) recent Januarys, including this January, have been in a tight range between the low \$2.6 million-to-mid \$2.7 million range.

That’s not the end of the world, but in increasing cost and interest rate environments, the flat-lining of the City’s largest revenue source can become a concern over time.

Analyzing a longer timeframe provides more reliable data from which to base conclusions from. Looking at a number of months together can help “smooth out” an abnormally “high” or “low” month.

Following are the total income tax collections for the last three months of the previous year plus January of the year noted – So a four-month look-back dating back to 2017/2018:

	<u>Income Tax Receipts</u>
Last three months of 2022 plus January of 2023	\$10,761,582
Last three months of 2021 plus January of 2022	\$10,682,554
Last three months of 2020 plus January of 2021	\$10,469,114
Last three months of 2019 plus January of 2020	\$11,409,052
Last three months of 2018 plus January of 2019	\$10,701,608
Last three months of 2017 plus January of 2018	\$10,230,524

Like with the January analysis above, disregarding the one “high” period noted in 2019/2020 and the one “low” period in 2017/2018, four (4) of these four-month time-periods have also been in a tight range between the mid \$10.4 million-to-mid \$10.7 million range.

Those are solid and consistent results, and they track the relatively stable January income tax receipts levels as well as the relatively stable recent annual totals too.

The largest revenue source by far for the City being “stable” is better than it being “declining.”

But as noted above, labor and other costs continue to increase, and these two trends of the City’s largest revenue source being “stable” and costs continuing to “increase,” cannot continue forever.

These trends continue to highlight the importance of economic development and the attraction, retention and growth of businesses in the City that will continue to employ people within it – all paying that two percent (2%) income tax to the City – its major revenue source by far.

The upcoming visioning and planning exercise between Mayor Kurtz’s office and staff, Members of Council and the Finance Office can’t come at a better time!