



THE HEART OF CUYAHOGA COUNTY

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Independence, Ohio 44131
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MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, June 14, 2024

Re: Finance Office and Related Topic Updates

Recent Tax Revenue Trends – State Level

Cleveland.com recently reported on recent tax revenue trends at the state level. Following are some statements from that article:

- *“There are signs that the state’s salad days will soon be over. Since July 2023, state tax revenue has been nearly \$430 million less than expected.”*
- *“Overall state tax revenue has fallen short of expectations for four of the last six months....”*
- *“...the state has taken in a total of nearly \$487 million less than expected in income taxes between July 2023 and the end of last month...”*

Recent Tax Revenue Trends – Regional (County) Level

Cleveland.com also reported on recent sales tax revenue trends at the regional/county (Cuyahoga) level. Following are some statements from that article:

Recent Tax Revenue Trends – Reginal (County) Level – Continued

- *“Cuyahoga County is bracing to end the year with a nearly \$16 million deficit, due to...for the first time ever, underperforming sales tax collections.”*
- *“This is the first time in my entire time that I’ve been in this position that we’ve seen sales taxes decline.”* (Director of Budget and Management Walter Parfejewiec)

Recent Income Tax Revenue Trends – Local Level

Meanwhile, locally here in Independence, May Income Tax Receipts were lower than they were during the month of May of 2023, 2021 and 2018. Not the end of the world, but not exactly knocking it out of the park either.

June Income Tax Revenue for Independence fell like a lead balloon compared to income tax receipt levels recorded in June dating back to 2017 as follows:

<u>June</u>	<u>Income Tax Receipts</u>
2024	\$2,623,209
2023	\$3,039,499
2022	\$3,840,410
2021	\$3,450,249
2020	\$3,037,383
2019	\$2,975,952
2018	\$2,981,134

A coincidence and a short-term “blip” that State income taxes, County sales taxes and Local income taxes have all decreased in unison lately? Or perhaps the first signs of a slowing of economic activity in Ohio?

Time will answer those questions for us, but until it does, conservative fiscal planning is the wise course of action as the 2024 – 2028 Five-Year Capital Improvement Plan (CIP) gets finalized and as the groundwork already begins to be laid in a few months for the 2025 Annual Appropriations Ordinance.