



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, October 27, 2023

Re: Finance Office and Related Topic Updates

Income Tax Revenue

The remainder of October's Income Tax Revenue has been received.

While there have been some swings in monthly receipts this year compared to the same months in previous years, the month of October dating back to 2019 has been fairly consistent as follows:

<u>October</u>	<u>Income Tax Revenue</u>
2023	\$3,061,103
2022	\$2,968,922
2021	\$2,958,458
2020	\$2,927,446
2019	\$3,074,661

Since 2018, Income Tax Revenue for the entire year on a Cash Basis has been as follows:

Income Tax Revenue – Continued

<u>Year</u>	<u>Income Tax Revenue</u>
2022	\$34,378,741
2021	\$35,061,427
2020	\$33,873,121
2019	\$33,640,301
2018	\$33,656,600

Based on recent historical Income Tax Revenue data dating back to 2016, 2023's Year-to-Date Income Tax Revenue extrapolates and is projected to be in the \$34.3 to \$34.9 million range.

If it does end up in that range this year, that would be consistent with and right within the range of 2021's and 2022's Total Annual Income Tax Revenue of \$35.0 and \$34.3 million, respectively.

Is a generally flat Income Tax Revenue trend three years running better than a declining one? For sure.

Is a generally flat Income Tax Revenue trend for three years running better than an increasing one? Obviously not.

But given that for the past 40 years or so, Independence has been highly reliant on office-type employees who don't live in Independence for a substantial portion of its Income Tax Revenue, it has weathered the challenges that hybrid and remote work models have had on office buildings across the country since 2020, quite well.

Many downtown office markets across the country have been decimated since 2020, and suburban office markets like Independence have benefitted from that dynamic.

In addition, while 2023 Income Tax Revenue generally appears to be flat compared to the last two years, Interest Income and Hotel/Motel Lodging taxes have both increased this year, serving to somewhat offset that generally flat Income Tax trend. Two more months to get in the final 2023 figures.