



City of Independence, Ohio

"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, April 16, 2021

Re: Finance Department Updates

Municipal Income Tax Revenue (MITR)

April's Municipal Income Tax Revenue (MITR) has been received, and it was the highest month's collection of 2021 so far. That supports the historical trend of income tax returns starting to be filed in March/April, resulting in the next few months typically being some of the highest collection months of the year.

2020's income tax return collections were spread out over more months since the 2019 national, state and local tax return filing deadline was extended into July, and this year's tax filing deadline for 2020 returns has been extended one month into mid-May.

Following are the April MITR amounts dating back to 2016:

<u>April</u>	<u>MITR</u>
2021	\$2,802,352
2020	\$2,661,158
2019	\$2,533,509
2018	\$2,701,438
2017	\$2,384,671
2016	\$2,527,835

Following are the MITR amounts for the first four months of the year dating back to 2016:

<u>1st Four Months</u>	<u>MITR</u>
2021	\$11,413,925
2020	\$11,206,528
2019	\$10,521,143
2018	\$10,707,294
2017	\$ 9,631,854
2016	\$10,198,271



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Municipal Income Tax Revenue (MITR) Continued

Having this level of MITR during the first four months of 2021 is certainly welcome. However, it is noted that the \$11.4 million of MITR received during the first four months is attributable this year to the "Net Profit and Utility" category having an early strong showing vs. early 2020.

Through the first four months of 2020, the City had collected all of \$3,430 in the Net Profit/Utility portion of MITR. In other words, a very nominal amount. Through the first four months of 2021, the City has already collected \$654,727 in Net Profit/Utility MITR.

The City collected a total of \$964,000 in Net Profit/Utility MITR in all of 2020, but has already collected the above-noted \$654,000 in Net Profit/Utility MITR in the first four months of 2021. That's not a bad statistic at all.

But had year-to-date 2021 Net Profit/Utility MITR been much closer to 2020's first four months collection level, this year's year-to-date results wouldn't be quite as strong as they appear.

Just looking at MITR from Withholding, which for the most part reflects employment within the City, 2021 so far is actually tracking a little over \$440,000 behind the first four months of 2020 as follows:

- First four months Withholding 2021 MITR \$10,759,198
- First four months Withholding 2020 MITR \$11,203,098
 - Difference (443,900)

So it's the typical "good news/not so great news" situation: April's and the First Four Months of 2021 Total MITR is strong, but the year-to-date MITR from Withholding suggests that employment within the City may be lagging from this time last year.

All things considered from what's transpired in the world since early 2020, an approximate 4.0 percent decline in Withholding MITR since then is probably not that bad of news.

Kindl Property Acquisition

If all stays on schedule, the closing of the Kindl property acquisition will occur next week.

Internal meetings have already been held, and the various functions of owning and operating commercial buildings have been assigned to the appropriate person or team. A small administrative team will meet with the tenants early on for introduction purposes and to communicate to them the city's vision for not only this property, but the entire downtown.