



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, May 21, 2021

Re: Finance Department Updates

American Rescue Plan Act Funds

The U.S. Treasury has commenced American Rescue Plan Act funding distributions. It was announced recently that final funding amounts to be received under this Act will generally be less than what was originally announced due to the realization that more communities are eligible for this funding than was originally forecasted. Therefore, the pool of funds allocated under the Act has to be distributed to more communities, resulting in each community generally receiving less than what was originally announced.

On the municipal level, the revised funding figures have only been announced for communities with a population in excess of 50,000. Therefore, it is not known yet how much less communities like Independence will be receiving under this Act.

If everything stays on schedule, that amount should be known in the next few weeks, as the 2021 payment should be forthcoming then, with the 2022 payment to be forthcoming next year.

Municipal Income Tax Bill

A "Thank-you" goes out to Councilperson Trakas for forwarding information on House Bill 157 to Mayor Kurtz, Council and I. A substitute version of HB 157 was voted out of the House Ways and Means Committee this week, and provisions in it eliminate language that allowed a tax payer who worked remotely to retroactively apply for a 2020 municipal tax refund. However, the substitute version of the Bill does allow tax payers who worked remotely in 2021 to apply for a refund for 2021 municipal taxes withheld by communities where those tax payers neither worked in nor resided in.

This whole local municipal taxing issue continues its very dynamic, but slow path towards an eventual and final resolution. Until that happens, business interests will continue to weigh in on it and push for certain legislative remedies, local municipalities like Independence will continue to advocate for the retention of the status quo, other communities who would be net recipients of



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Municipal Income Tax Bill Continued

changes to local taxing laws will be advocating for changes to existing laws, the House and Senate in Ohio's General Assembly will continue to propose bills to offer certain remedies or paths forward, lawsuits will continue to be filed challenging the constitutionality of a municipality's ability to tax people who neither work in or reside there, and courts will continue to hear those legal challenges.

Until the courts – all the way up to the Supreme Court – sort this all out and issue final rulings, all that can be done is to optimistically press forward hoping and working for the best while quietly preparing some back-up contingency plans for the worst.

Tax Incentive Review Council (TIRC)

Each year, representatives of the City have to meet with representatives of Cuyahoga County to review the City's Tax Increment Financing (TIF) Districts. The local school district and career center (if it desires to) also participate in this meeting, and collectively the voting members of the group are considered the Tax Incentive Review Council (TIRC).

2021's TIRC meeting to review the 2020 TIF Districts and results was held yesterday, Thursday, May 20, 2021. Although the TIRC takes a vote, this vote only represents a recommendation to the local legislative body on whether or not to continue the life of a specific TIF.

The 2021 TIRC unanimously voted to recommend that all of Independence's TIF's be continued for an additional year.

A Thank You goes out to **Finance Assistant Maggie Osysko** for putting together a very helpful summary spreadsheet of all of the City's TIF's for use during this meeting, and to **Economic Development Director Jessica Hyser** for filing the annual TIF reports with the Ohio Department of Administrative Services and assistance in preparing for yesterday's meeting.