



## 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 28, 2021

Re: Finance Department Updates

### **House Bill 157**

Last week's Memorandum reported on the substitute version of House Bill (HB) 157 being voted out of committee. This week, that bill was approved by a vote of 63 – 31 in the House. It now heads to the Senate for deliberation and a vote.

Online with Mayor Kurtz in yesterday's Mayors and Managers Association meeting, the legal counsel for the Association indicated that there is a chance that the subject of this bill may get included within the state budget bill, which has to be voted on and approved prior to June 30.

If this week's House-passed version were to pass in the Senate and get signed by the Governor or get included in the budget bill, get passed and signed by the Governor, these key provisions would become law (for now – always subject to a legal challenge):

- Ohio residents working remotely in 2021 would be eligible to file for refunds of municipal taxes paid to a city of village for days worked remotely.
- Starting in 2022, local municipal taxes would be considered earned (and taxed) where the work is performed, not where the employer is located.
  - Of course, those both could be the same location if an employee is working out of an employer's work location.

One House member co-sponsor was quoted this week as saying *"This will ensure that taxpayers are not continuing to be taken advantage of. It has never been the policy of the state that we allow cities to tax someone if they don't work there or don't live there."*

Another House member was quoted as saying *"This is about right versus wrong. There is absolutely no way I think a city should be able to collect taxes from their paychecks"* [Of people working in a city different from where their employer is located]. He went on to say that he thinks it's time for cities to return to only taxing the income of employees who are physically present at the workplace location during the workday.



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## House Bill 157 Continued

The legal counsel for the Mayors and Managers Association agrees that ultimately, this issue is going to be decided by the Ohio Supreme Court.

With this bill passing one Chamber of the General Assembly this week, when that news is combined with the recent news of a large Independence taxpayer transitioning to a more permanent remote work model, resulting in a significant reduction of employees being based out of Independence, the gray clouds on Independence's revenue horizon just got a little darker these past few weeks.

It doesn't necessarily mean there's going to be a storm. But it certainly isn't a clear, blue-sky revenue environment on the horizon for the City right now. The hope is that the skies only stay gray, and that proper planning prevents poor performance going forward, allowing those skies to lighten up, if not eventually clear up altogether.

## Musings

This Memorandum hasn't shared any Musings in a bit, so it's time to catch up, all courtesy of last weekend's edition of the *Wall Street Journal*. The WSJ could serve as the master "textbook" for a multi-faceted class on business, economics, management, leadership, emotional intelligence, negotiating, investing, politics, etc.

Courtesy of Larry Auerbach, a retired talent agent

Mr. Auerbach provides some "real world" definitions of "Yes," "Maybe" and "No."

Yes means "Definitely."

Maybe means "I'm never going to do that, but I'll just say 'maybe' to get you off the phone."

No means "Sometimes, a real no. Other times, 'no' means 'Tell me more.'"

It's up to us determine when "no" actually means "no" or when it really means that there's a chance.

Courtesy of Chris Bosh, retired NBA Player

*"Criticism is a tax on success. The best way to cope with criticism is to budget for [plan for] it."*



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### Courtesy of Chris Bosh, retired NBA Player Continued

That's an interesting observation. All successful people have their share of critics, and looking at that criticism as a "tax" on that success is a unique and possibly quite helpful way to handle criticism.

Mr. Bosh had to learn this after he was severely criticized for putting the team's success ahead of his own. This resulted in a lot of wins for the Miami Heat, but his personal stats were a lot lower than when he was the primary focus of a team.

That's the world we live in – someone puts the organization's success ahead of their own, and they get "*raked over the media coals*" for that unselfish decision. Solution? Plan (budget) for criticism, and over time, use any valid criticism to improve, and then dispense with the rest (See the next section on "Noise").

### Courtesy of psychologist Daniel Kahneman

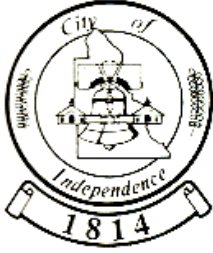
*"The opposite of noise is discipline. It's just doing things in a reasoned way, organizing your thinking so it is as intentional as possible. In a world full of noise, discipline is your greatest asset."* How does one reduce "the noise?"

- First impressions are dangerous
- Break decisions into their components
- Get multiple opinions
  - Ask different people the same question
    - Don't tell anyone giving you a second opinion what the first opinion was

### Courtesy of Art Gensler, founder of an architectural firm

In a story that drives home the point that even C-level (chief) executives have to "get down in the weeds" and not spend all their time on higher level strategy and planning sessions, the recently deceased Gensler told the following story prior to his death.

Even after his firm had grown to over 5,200 employees in 50 offices in 14 different countries, when the firm was chosen by Apple CEO Steve Jobs, who himself was managing and leading a multi-billion dollar international company, to develop a prototype for Apple stores, both Mr. Jobs and Mrs. Gensler met weekly for five months to work towards an acceptable design.



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## Courtesy of Art Gensler, founder of an architectural firm Continued

Mr. Gensler's firm would build full-scale models of prototype Apple stores inside a large warehouse, and Mr. Jobs himself would inspect the progress of these prototypes every week. He didn't delegate that to anyone else.

Mr. Gensler says *"It was just him and me every week for five months. We'd build a store, and he'd shred it, tear it apart."* Rivals were offering their own store designs to Apple, but *"everyone got fired except us."*

Lesson for us at the Director level? Don't be afraid to not delegate something that is so critical to achieving a greater vision. Some issues and decisions require the focused attention of the "top person" and shouldn't be delegated. In this story, both CEO's were involved at a level they probably hadn't been involved at for quite some time in their careers. But it was that important for both of them and their organizations, so they both did what many others would have considered delegating to others.

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## **Memorial Day – Remember and Honor**

