

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: November 20, 2020

Re: Finance Department Updates

Municipal Income Tax Revenue (MITR)

Municipal Income Tax Revenue (MITR) for the month of November was the lowest November collection total in a number of years as follows:

<u>November</u>	<u>MITR</u>	<u>+/- Previous</u>
2016	\$2,566,666	
2017	\$2,720,562	\$153,896
2018	\$2,810,611	\$ 90,049
2019	\$2,922,281	\$111,670
2020	\$2,494,048	(\$428,233)

Although there is one more month of Municipal Income Tax revenue to collect here in 2020, the trend after 11 months clearly shows that MITR has hit a three-year plateau in 2018, 2019 and 2020. The first 11 months of MITR by year is as follows:

<u>1st 11 Months</u>	<u>MITR</u>	<u>+/- Previous</u>
2016	\$28,312,250	
2017	\$28,784,065	\$ 471,815
2018	\$31,377,026	\$2,592,961
2019	\$31,262,597	(\$ 114,429)
2020	\$31,199,199	(\$ 63,398)

MITR figures presented are always “Gross” figures. Since the City has a number of job retention and expansion grants in affect, hundreds of thousands of dollars in grant rebates paid under those agreements each year are an immediate deduction from the total MITR collected.

The above figures are not devastating to the City yet, as last week this Memorandum discussed the Unanticipated Revenue received here in 2020 that wasn’t planned for – namely CARES Act funding and Ohio Bureau of Workers’ Compensation (OBWC) rebates and dividends. That Unanticipated 2020 Revenue will offset the peaking of the City’s largest revenue source – MITR - as well as the decline in lodging admissions taxes and TIF Revenue in 2020.

But city leaders would be wise to recognize the recent past/current MITR trend as well as acknowledge the current headwinds of remote work and talked about local tax law changes when planning and budgeting for the next few years. Unanticipated one-off revenue sources are welcome for sure. But they are just that – one-off events. This recent past/current MITR trend is what should be front and center when making these upcoming budget and other operational decisions. The more that MITR needs to be allocated for and to the Operating Budget, the less there will be available to be allocated for and to critical Capital purchases and Infrastructure projects.