



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, September 16, 2022

Re: Finance Office and Related Topic Updates

Income Tax Revenue

September's Income Tax receipts have been posted, so nine-months of receipts are now known, or three-quarters of 2022.

The softening trend of income tax receipts continues, as September's income tax receipts are at the lowest level since 2017 as follows:

<u>September</u>	<u>Income Tax Receipts</u>
2022	\$2,302,925
2021	\$2,560,339
2020	\$3,003,612
2019	\$2,375,483
2018	\$2,323,321
2017	\$2,146,025
2016	\$2,482,573

The Finance Office typically advises against getting overly excited about a single positive or negative month as far as income tax receipt levels. It's more insightful and meaningful to look at longer time-horizons and trends.

But when looked at on a quarterly basis, income tax receipts for Q3 2022 are the lowest they've been since at least 2016 as follows:



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Income Tax Receipts Continued

<u>Third Quarter</u>	<u>Q3 Income Tax Receipts</u>
2022	\$7,184,667
2021	\$7,860,625
2020	\$8,588,127
2019	\$7,590,104
2018	\$7,712,204
2017	\$7,428,377
2016	\$7,278,616

On a Year-to-Date basis (Nine Months), income tax receipts are down almost \$800,000 from 2021, and are only a scant two-percent (2%) higher than they were four years ago in 2018 as follows:

<u>Year</u>	<u>1st Nine Months Income Tax</u>
2022	\$26,220,472
2021	\$27,002,056
2020	\$25,777,705
2019	\$25,265,655
2018	\$25,708,825

The City’s primary revenue source being challenged like this is going to make for some interesting 2023 budget discussions during Q4 this year.

- Income Tax Receipts, the City’s primary revenue source, are clearly flat-to-declining
- The inflation rate is still historically high
 - Three of the Ordinances on the September Legislative Agenda were authorizing increased, additional spending for individual items that were previously approved at already relatively high dollar amounts
- Interest rates are skyrocketing
 - Council is looking at borrowing millions in 2023 to fund infrastructure projects

Fasten your seatbelts and hold on – we have our work cut out for us!