



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, July 15, 2022

Re: Finance Office and Related Topic Updates

Income Tax Collections

July's Income Tax Collections are in and taxes collected from Withholding – people who work in but don't live in Independence – continues the declining trend exhibited in many recent months.

The various components of Income Tax Collections for the last three July's are as follows:

	<u>July 2020</u>	<u>July 2021</u>	<u>July 2022</u>
<u>Withholding</u>			
Taxes from Withholding	2,224,598	2,150,172	1,946,822
+/- Penalties/Interest	1,672	4,671	3,865
+/- Refunds/Adjustments	- 16,548	- 6,703	- 60,049
<u>Individuals</u>			
Taxes from Individuals	121,026	327,014	119,467
+/- Penalties/Interest	4,415	9,556	5,794
+/- Refunds/Adjustments	- 9,847	- 15,866	- 3,026
<u>Net Profit – RITA</u>			
Net Profit Thru RITA	327,458	455,417	430,046
+/- Penalties/Interest	- 540	- 8,536	4,464
+/- Refunds/Adjustments	618	- 52,675	- 19,891
Net Profit Thru the State	0	0	0
Utility Taxes Thru the State	<u>0</u>	<u>0</u>	<u>0</u>
Total Income Tax/Month	2,652,852	2,863,050	2,427,492



City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

Income Tax Collections - Continued

July's Total Income Tax Collections are lower than they were six (6) years ago in 2016 as follows:

	<u>July</u>
2022	2,427,492
2021	2,863,050
2020	2,652,852
2019	2,693,852
2018	2,627,877
2017	2,583,502
2016	2,446,971

The Finance Office stresses not to get to overly excited or depressed over any single month that is unusually high or low. But July's Income Tax Collections being lower than six years ago in 2016 is something to take note of.

On a Year-to-Date Basis, Income Tax Collections in 2022 (\$21,463,297) are \$541,184 lower than during the same time period in 2021 (\$22,004,481), or -2.46%.

Finally, the Top 20 Tax Payers on a Withholding basis are down a collective 12% through July of 2022 vs. July of 2021. So some of Independence's largest tax payers, on a collective basis, are down more than all of the tax payers combined together. This could be due to either declining employment levels and/or more work-from-home/remote work models at these larger firms.

Director-Manager Duties

Mayor Kurtz made a point at this week's Director's Meeting of stating that Directors should keep him informed to minimize the likelihood of being blindsided by someone or some event.

That mirrors what *Wall Street Journal* columnist Kimberley Strassel recently stated were an executive team's duties:

- Advise the CEO (Mayor, in Independence's case)
- Capably run their departments
- Shield the boss from "gotchas," surprises and unforced errors

That's an excellent, concise summary.