



# 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 14, 2021

Re: Finance Department Updates

### **Municipal Income Tax Revenue (MITR)**

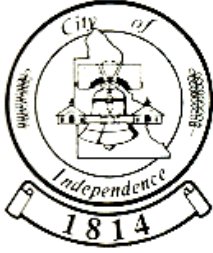
May's MITR has been received and it is right in the range of the amount received in May of 2018 and May of 2019 as follows:

<u>May</u>	<u>MITR</u>
2021	\$3,643,880
2020	\$2,274,426
2019	\$3,511,239
2018	\$3,727,196
2017	\$3,125,288
2016	\$2,950,900

May of 2020's MITR was unusually low due to the pandemic setting in during early 2020 and the significant business shutdowns that occurred during this time last year.

The Finance Office is also anticipating that June's MITR should be fairly strong too, as the filing deadline for tax returns is this Monday, May 17. If many tax payers filed their 2020 Regional Income Tax Agency (RITA) Returns during April and May of this year, which will result in a strong MITR level in June and perhaps partially even into July as well. If taxes owed were paid to RITA as late as May, those local taxes will typically end up in the City's coffers the following month, so in this case, June, or at the latest, the month after that, July.

MITR received during the first five months of 2021 compares well with the same time period of recent years as follows:



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## **Municipal Income Tax Revenue (MITR) Continued**

<u>1<sup>st</sup> Five Months</u>	<u>MITR</u>
2021	\$15,057,805
2020	\$13,480,954
2019	\$14,032,382
2018	\$14,434,490
2017	\$12,757,142
2016	\$13,149,171

While these results are certainly welcome and appreciated, there are always potential storm clouds on the horizon that serve to temper any premature excitement.

The tax cases challenging the ability of municipalities to tax the income of tax payers who neither reside nor work in such municipalities are working their way through the Ohio court systems.

The plaintiff in these cases is confident in its assertion that the Ohio Supreme Court has already established the inability of a municipality to tax the income of someone who neither works nor resides in that municipality. It remains to be seen if that is actually the case or not.

Also, it seems that there is antidotal evidence of companies and organizations both seeking to retain office space and others that will soon be seeking to shed office space that is now seen as "excessive" given how easy it is for many to work remotely.

Like with the tax cases working their way through the courts, this dynamic remains to be played out in its entirety. But if some current Independence-based organizations do decide to significantly reduce their Independence office footprint, that can't help but impact the City and its finances in some manner.