



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, September 24, 2021

Re: Finance Department Updates

Municipal Income Tax Revenue (MITR)

September's Municipal Income Tax Revenue (MITR) has been received, and like with any facts and statistics, they have to be put into context to really be able to develop valid and meaningful conclusions.

That's the difference between "data" and "information." Data is simply the facts and statistics that can be turned into useful information to make good decisions from.

On a monthly basis, September's MITR is down materially from September of 2020 – just over \$443,000. However, that was to be expected as due to COVID-19, the tax filing deadline in 2020 was pushed back from the historic April 15 date to July 15. Therefore, RITA received a significant amount of income tax filings in July last year, and this resulted in August's and September's 2020 MITR to the city being much higher than it would have been had the tax filing deadline remained at April 15.

Following is the monthly MITR for September dating back to 2016:

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

So short of the extended tax filing deadline in 2020, September, 2020's MITR likely would have been more in that mid \$2.5 Million+- range instead of over \$3.0 million.



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Municipal Income Tax Revenue (MITR) Continued

The differences in tax filing deadlines in 2020 and 2021 has also resulted in the last two months of MITR being downs as follows:

	<u>2020 MITR</u>	<u>2021 MITR</u>	<u>Difference</u>
August	\$2,931,663	\$2,437,236	(\$494,427)
September	<u>3,003,612</u>	<u>2,560,339</u>	<u>(\$443,273)</u>
Two-Month Total	\$5,935,275	\$4,997,575	(\$937,700)

Even on a Quarterly Basis, the differences in tax filing deadlines in 2020 and 2021 has resulted in the Third Quarter 2021 being materially lower than the Third Quarter 2020 as follows:

	<u>2020 3rd Quarter</u>	<u>2021 3rd Quarter</u>	<u>Difference</u>
3 rd Quarter MITR	\$8,588,127	\$7,860,625	(\$727,502)

The good news? Over a nine-month look-back period, due to a strong first-half of the year, 2021's Year-to-Date MITR is still materially higher than it was during the first three quarters of 2020 and years previous. First Nine-Month MITR dating back to 2016 is as follows:

<u>1st Nine Months</u>	<u>MITR</u>
2021	\$27,002,056
2020	\$25,777,705
2019	\$25,265,655
2018	\$25,708,825
2017	\$23,328,262
2016	\$23,317,011

It is thought that the decrease in MITR the last two months here in 2021 is due predominantly to the differences in tax filing deadlines in 2020 and 2021. Fourth Quarter results will obviously be monitored and analyzed to confirm that, and hopefully find that it's not the start of a short, mid, or long-term downward trend.