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REMINDER

CITY COUNCIL

NOTICE OF MEETING

Dennis Fiorelli
President
Sara Continenza
Joe Frank
Marty Gelfand
Jane Goodman
Ruth Gray
Jason Russell

MEETING OF: **COMMITTEE OF THE WHOLE**

CALLED BY: DENNIS FIORELLI, PRESIDENT

DATE: **JANUARY 28, 2019**

LOCATION: COMMITTEE/JURY ROOM

TIME: 6:30 P.M.

RE: - REVENUE ENHANCEMENT
DISCUSSION
- ORD. 31-18 INCOME TAX
CREDIT.
- ORD. 34-18 AMEND SECTION
172.06 TAX CODE.
- MONTHLY FINANCE UPDATE

COMMITTEE/COUNCIL MEMBERS:

SARA CONTINENZA
JOE FRANK
MARTY GELFAND
JANE GOODMAN
RUTH GRAY
JASON RUSSELL

ADMINISTRATION:

BRENDA WENDT, FINANCE DIRECTOR

CITY OF SOUTH EUCLID, OHIO

ORDINANCE NO.: 31-18
INTRODUCED BY: Fiorelli
REQUESTED BY: Frank

November 12, 2018
Second Reading: November 26, 2018
Third Reading: December 27, 2018

AN ORDINANCE

AMENDING SECTION 172.06 "SOUTH EUCLID RESIDENT SUBJECT TO INCOME TAX IN OTHER MUNICIPALITY" OF SECTION 172, "MUNICIPAL INCOME TAX EFFECTIVE JANUARY 1, 2016" OF PART ONE "ADMINISTRATIVE CODE" OF THE CODIFIED ORDINANCES OF THE CITY OF SOUTH EUCLID, OHIO; AND DECLARING AN EMERGENCY.

WHEREAS, the Council of the City of South Euclid, Ohio recognizes that the income tax credit is an incentive the city is able to offer residents during times of economic stability, however, during periods of severe economic instability, such incentives may not be feasible; and

WHEREAS, the Council of the City of South Euclid recognizes that the City continues to experience budgetary shortfalls effecting the financial stability of the City as a result of cuts in funding by the State of Ohio; as well as declines in property tax and income tax as a result of the housing and foreclosure crisis and national recession; and

WHEREAS, the Council of the City of South Euclid has met monthly for over two years to discuss and consider revenue enhancement and cost-cutting options and held three Community Meetings on June 19, 2017; June 27, 2017 and June 28, 2017 to discuss options and seek input from city residents, Tele-Town Hall Meetings on October 9, 2018 and October 30, 2018; and four Ward Meetings regarding finances and income tax levy in October 2018; and

WHEREAS, City Council has held regular Committee Meetings, nearly every month for over two years to discuss cost reductions, explore and implement regional initiatives, discuss the costs of long-term capital needs of the community, and the continuing impact of the recession and cuts in funding of local governments from the State of Ohio; and

WHEREAS, the City has made every reasonable effort to reduce costs and raise additional revenue to replace State actions that have removed the City's inheritance tax revenue, commercial activity tax and 50% of the City's yearly allocation of Local Government Funds; and

WHEREAS, the City of South Euclid has an obligation to take temporary measures to protect the health, safety, welfare and future economic stability of the City; and

WHEREAS, the Council of the City of South Euclid can address any such shortfalls by reducing the income tax credit on taxable income earned in another municipality.

NOW THEREFORE BE IT ORDAINED, by the Council of the City of South Euclid, Ohio:

Section 1: That Ordinance 172.06, "South Euclid Resident Subject to Income Tax in Other Municipality" is hereby amended effective _____ at which time the provisions hereunder shall once again become effective.

Section 2: That Ordinance 172.06 "Credit for Tax Paid To Other Municipalities" shall read as follows:

"CREDIT FOR TAX PAID TO OTHER MUNICIPALITIES.

(a) Every individual taxpayer domiciled in City of South Euclid who is required to and does pay, or has acknowledged liability for, a municipal tax to another municipality on or measured by the same income, qualifying wages, commissions, net profits or other compensation taxable under this chapter, may claim a non-refundable credit against the tax imposed by this chapter upon satisfactory evidence that tax has been paid to another municipality. Subject to division (c) of this section, the credit shall not exceed 75% _____ % of the amount obtained by multiplying the income, qualifying wages, commissions, net

profits or other compensation subject to tax in the other municipality by the lower of the tax rate in such other municipality or the rate of ~~1%~~ _____%.

(b) City of South Euclid shall grant a credit against its tax on income to a resident of City of South Euclid who works in a joint economic development zone created under Ohio R.C. 715.691 or a joint economic development district created under Ohio R.C. 715.70, 715.71, or 715.72 to the same extent that it grants a credit against its tax on income to its residents who are employed in another municipal corporation.

(c) If the amount of tax withheld or paid to the other municipality is less than the amount of tax required to be withheld or paid to the other municipality, then for purposes of division (a) of this section, "the income, qualifying wages, commissions, net profits or other compensation" subject to tax in the other municipality shall be limited to the amount computed by dividing the tax withheld or paid to the other municipality by the tax rate for that municipality."

Section 3: That it is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees on or after November 25, 1975, that resulted in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 4: That this Ordinance is deemed to be an emergency measure necessary for the immediate preservation of the public peace, health and safety. Wherefore, this Ordinance shall take effect and be in force upon passage by City Council and signature of the Mayor.

Passed this _____ day of _____, 2018.

Dennis Fiorelli, Council President

Attest:

Approved:

Keith A. Benjamin, Clerk of Council

Georgine Welo, Mayor

Approved as to form:

Michael P. Lograsso, Director of Law

CITY OF SOUTH EUCLID, OHIO

ORDINANCE NO.: 34-18
INTRODUCED BY: Fiorelli
REQUESTED BY: Fiorelli

December 27, 2018

AN ORDINANCE

AMENDING SECTION 172.06 "CREDIT FOR TAX PAID TO OTHER MUNICIPALITIES" OF CHAPTER 172 "MUNICIPAL INCOME TAX EFFECTIVE BEGINNING JANUARY 1, 2016" OF TITLE IX "TAXATION" OF PART ONE "ADMINISTRATIVE CODE" OF THE CODIFIED ORDINANCES OF THE CITY OF SOUTH EUCLID, OHIO

WHEREAS, the Council of the City of South Euclid desires to ensure adequate public participation in city government; and

WHEREAS, public participation can be increased by ensuring citizens are involved in the process when changes are proposed to the city income tax code; and

WHEREAS, the provisions regarding holding community meetings previously included in the codified ordinances and Section 171 was inadvertently omitted when City Council adopted the new State of Ohio Tax Code as Chapter 172 in October 2015.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of South Euclid, Ohio:

Section 1: That Section 172.06 "Credit for Tax Paid to Other Municipalities" of Chapter 172 "Municipal Income Tax" of Title IX "Taxation" of Part One "Administrative Code" of the Codified Ordinances of the City of South Euclid, Ohio be hereby amended to read as follows:

172.06 CREDIT FOR TAX PAID TO OTHER MUNICIPALITIES.

(A) Every individual taxpayer domiciled in City of South Euclid who is required to and does pay, or has acknowledged liability for, a municipal tax to another municipality or measured by the same income, qualifying wages, commissions, net profits or other compensation taxable under this Ordinance, may claim a nonrefundable credit against the tax imposed by this Ordinance upon satisfactory evidence that tax has been paid to another municipality. Subject to division (C) of this section, the credit shall not exceed [75]% of the amount obtained by multiplying the income, qualifying wages, commissions, net profits or other compensation subject to tax in the other municipality by the LOWER of the tax rate in such other municipality OR the rate of 1.0%.

(B) City of South Euclid shall grant a credit against its tax on income to a resident of City of South Euclid who works in a joint economic development zone created under Section 715.691 or a joint economic development district created under Section 715.70, 715.71, or 715.72 of the ORC to the same extent that it grants a credit against its tax on income to its residents who are employed in another municipal corporation.

(C) If the amount of tax withheld or paid to the other municipality is less than the amount of tax required to be withheld or paid to the other municipality, then for purposes of division (A) of this section, "the income, qualifying wages, commissions, net profits or other compensation" subject to tax in the other municipality shall be limited to the amount computed by dividing the tax withheld or paid to the other municipality by the tax rate for that municipality.

(D) Any provision amending Section 172.06 shall not be passed unless it receives at least five affirmative votes. Any proposed amendment to Section 172.06 shall be posted on the City Website and e-mailed to all people on the City's E-Mail Newsletter Distribution List. Furthermore, City Council shall not change any provision of Section 172.06 without first hosting a series of five public meetings, one shall be held for each Ward of the City and one shall be held in the City at large.

Section 2: That it is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees on or after November 25, 1975, that resulted in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 3: This Ordinance shall take effect and be enforced from and after the earliest period allowed by law and upon signature of the mayor.

Passed this _____ day of _____, 2019.

Dennis Fiorelli, Council President

Attest:

Approved:

Keith A. Benjamin, Clerk of Council

Georgine Welo, Mayor

Approved as to form:

Michael P. Lograsso, Director of Law

CITY OF SOUTH EUCLID
2017/2018 RECEIPT AND DISBURSEMENT COMPARISON

RECEIPTS				
	2017		YTD	
january	1,405,587	8.56%	1,346,605	8.56%
february	2,303,577	14.13%	3,569,995	22.69%
march	1,170,331	8.81%	4,956,560	31.51%
april	1,107,011	8.25%	6,254,387	39.76%
may	1,688,890	9.47%	7,743,765	49.23%
june	1,297,299	7.87%	8,981,425	57.09%
july	1,847,799	14.11%	11,201,325	71.20%
august	2,103,101	9.26%	12,657,639	80.46%
september	1,089,308	7.89%	13,899,585	88.36%
october	1,183,452	7.20%	15,031,615	95.55%
november	983,824	6.41%	16,039,407	101.96%
december	940,255	5.77%	16,947,349	107.73%
	17,120,434			
projected	16,840,513	101.66% of projected total		

RECEIPTS					
	2018		YTD		
january	1,825,150	10.85%	1,825,150	10.85%	8.33%
february	2,235,093	13.29%	4,060,243	24.14%	16.67%
march	1,244,905	7.40%	5,305,148	31.54%	25.00%
april	1,337,106	7.95%	6,642,254	39.49%	33.33%
may	1,560,171	9.28%	8,202,425	48.76%	41.67%
june	1,217,397	7.24%	9,419,823	56.00%	50.00%
july	2,154,625	12.81%	11,574,448	68.81%	58.33%
august	1,707,946	10.15%	13,282,394	78.96%	66.67%
september	1,541,220	9.16%	14,823,614	88.13%	75.00%
october	1,239,006	7.37%	16,062,620	95.49%	83.33%
november	971,753	5.78%	17,034,372	101.27%	91.67%
december	943,250	5.61%	17,977,622	106.88%	100.00%
	17,977,622				
projected	16,820,775	106.88% of projected total			

DISBURSEMENTS				
	2017		YTD	
january	1,388,167	7.97%	1,367,966	7.97%
february	1,205,649	7.33%	2,626,063	15.29%
march	2,906,641	7.63%	3,936,375	22.92%
april	1,550,214	17.05%	6,864,061	39.97%
may	1,392,465	8.41%	8,307,685	48.38%
june	1,312,305	8.04%	9,688,858	56.42%
july	1,477,231	2.96%	10,196,622	59.38%
august	159,531	7.66%	11,511,245	67.03%
september	1,112,306	9.24%	13,098,558	76.28%
october	1,780,797	8.06%	14,482,228	84.33%
november	1,246,601	6.05%	15,521,891	90.39%
december	1,243,880	6.59%	16,652,917	96.97%
	16,775,787			
projected	18,592,944	90.23% of projected total		

DISBURSEMENTS					
	2018		YTD		
january	1,538,844	7.89%	1,538,844	7.89%	8.33%
february	1,564,348	8.02%	3,103,192	15.91%	16.67%
march	3,458,208	17.73%	6,561,400	33.64%	25.00%
april	1,497,965	7.68%	8,059,365	41.31%	33.33%
may	1,403,464	7.19%	9,462,829	48.51%	41.67%
june	2,031,627	10.41%	11,494,456	58.92%	50.00%
july	302,198	1.55%	11,796,654	60.47%	58.33%
august	1,845,294	9.46%	13,641,948	69.93%	66.67%
september	359,616	1.84%	14,001,564	71.77%	75.00%
october	1,597,198	8.19%	15,598,762	79.96%	83.33%
november	1,256,260	6.44%	16,855,023	86.40%	91.67%
december	1,313,816	6.73%	18,168,839	93.14%	100.00%
	18,168,839				
projected	19,507,612	93.14% of projected total			

General Fund			
Balance	2017	2018	Difference
january	3,627,021	3,564,305	-62,716
february	4,841,902	4,452,768	-389,134
march	3,286,443	2,042,883	-1,243,560
april	3,076,938	2,383,826	-693,113
may	3,149,828	2,853,875	-295,953
june	3,322,831	2,453,914	-868,917
july	3,624,339	4,036,487	412,148
august	5,780,340	4,164,535	-1,615,805
september	5,555,468	5,477,072	-78,395
october	5,217,948	5,403,237	185,288
november	4,677,171	4,683,733	6,562
december	4,604,998	4,498,400	-106,598

CITY OF SOUTH EUCLID
RITA tax collections 2018

Date of Report	+/- \$ vs 2017	+/- % vs 2017	YTD % COLLECTED		PRIOR		Withholder YTD	PRIOR		Individual YTD	PRIOR		Net Profit YTD	PRIOR	
			VS BUDGET	YTD Collected	YTD COLLECTED	YTD		YTD	YTD						
1/12/2018	122,284	14.56%	9.44%	961,920	839,636	374,497	330,046	466,615	412,998	69,731	46,951				
1/31/2018	331,925	23.69%	17.01%	1,732,773	1,400,848	711,046		746,825		146,632					
2/13/2018	251,146	15.43%	18.44%	1,878,421	1,627,275	839,957	804,025	760,936	663,783	147,013	64,862				
2/28/2018	271,791	12.84%	23.44%	2,387,861	2,116,070	1,037,828		1,005,089		170,944					
3/13/2018	323,368	14.03%	25.81%	2,628,689	2,305,321	1,236,129	1,153,854	1,037,052	913,185	174,654	90,908				
3/30/2018	354,272	11.53%	33.63%	3,425,745	3,071,473	1,523,805		1,451,365		202,482					
4/12/2018	352,382	11.09%	34.67%	3,531,200	3,178,818	1,548,569	1,487,114	1,509,316	1,272,957	221,822	228,165				
4/30/2018	457,585	10.91%	45.65%	4,650,018	4,192,433	1,859,311		2,218,396		274,053					
5/11/2018	463,521	10.63%	47.36%	4,824,260	4,360,739	1,892,942	1,812,641	2,325,765	1,988,882	303,391	334,201				
5/31/2018	386,103	7.49%	54.41%	5,542,199	5,156,096	2,217,296		2,676,128		318,363					
6/13/2018	419,525	7.93%	56.04%	5,708,720	5,289,195	2,283,219	2,197,434	2,762,764	2,424,937	325,361	382,836				
6/29/2018	365,374	5.89%	64.47%	6,567,552	6,202,179	2,572,062		3,250,218		352,093					
7/12/2018	423,822	6.67%	66.54%	6,777,737	6,353,915	2,610,437	2,485,891	3,292,531	2,925,289	477,620	617,147				
7/31/2018	469,346	6.69%	73.43%	7,480,293	7,010,946	3,023,572		3,542,837		489,563					
8/13/2018	415,467	5.82%	74.21%	7,558,964	7,143,497	3,069,529	2,940,185	3,561,784	3,212,350	497,469	620,430				
8/31/2018	562,689	7.32%	81.03%	8,253,818	7,691,129	3,447,589		3,820,057		504,269					
9/14/2018	550,924	7.05%	82.08%	8,361,256	7,810,332	3,487,372	3,313,994	3,862,548	3,460,652	520,567	626,842				
9/28/2018	575,360	6.60%	91.24%	9,294,049	8,718,689	3,824,958		4,279,310		646,355					
10/12/2018	613,967	6.99%	92.20%	9,391,997	8,778,029	3,879,213	3,627,073	4,298,347	3,912,845	666,260	778,042				
10/31/2018	633,932	6.77%	98.22%	10,004,581	9,370,649	4,222,741		4,481,972		693,013					
11/14/2018	563,590	5.94%	98.72%	10,055,765	9,492,175	4,247,957	4,026,427	4,500,348	4,162,452	696,717	798,037				
11/30/2018	580,832	5.83%	103.47%	10,539,732	9,958,900	4,529,332		4,651,609		704,000					
12/13/2018	535,359	5.29%	104.59%	10,653,916	10,118,558	4,635,576	4,354,053	4,658,643	4,403,111	703,348	812,392				
				\$10,186,335	\$0	\$0	\$0	\$0	\$0	\$0					

* Note: YTD Collected does not equal (Withholder YTD+Individual YTD+Net Profit YTD) due to penalties and interest charged to delinquent accounts.