

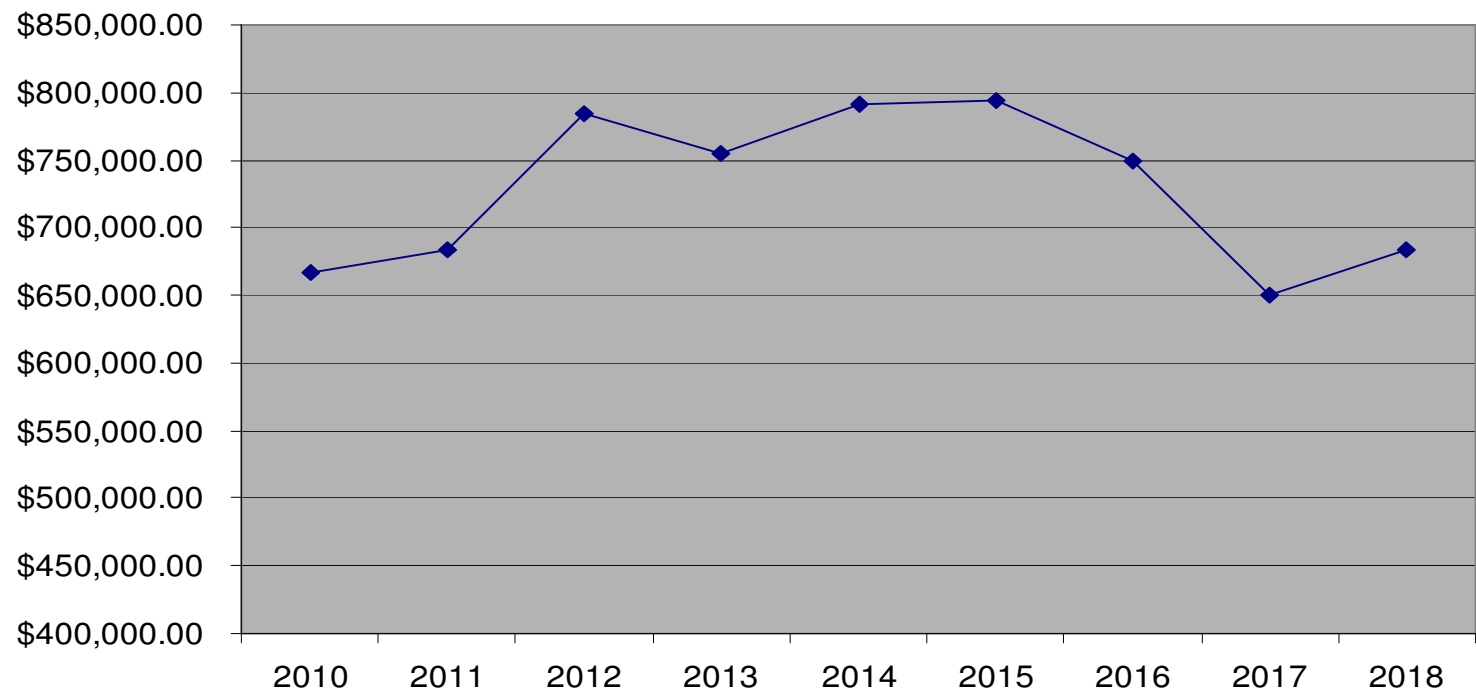
City of Canal Fulton

Income Tax - Updates



Revenue Trends - Reminder

Individual Estimates and Returns



City Profile - Reminder

- Founded in 1814
- Mayor, Council, City Manager form of government
- 3.3 square miles

City Profile		
	2011-2016 Estimates	2010 Census
Population	5,451	5,479
Median Age	44.6	40.3
School Enrollment	1,941	2,215
Median Income	\$44,711	\$50,332

Demographic Factors - Reminder

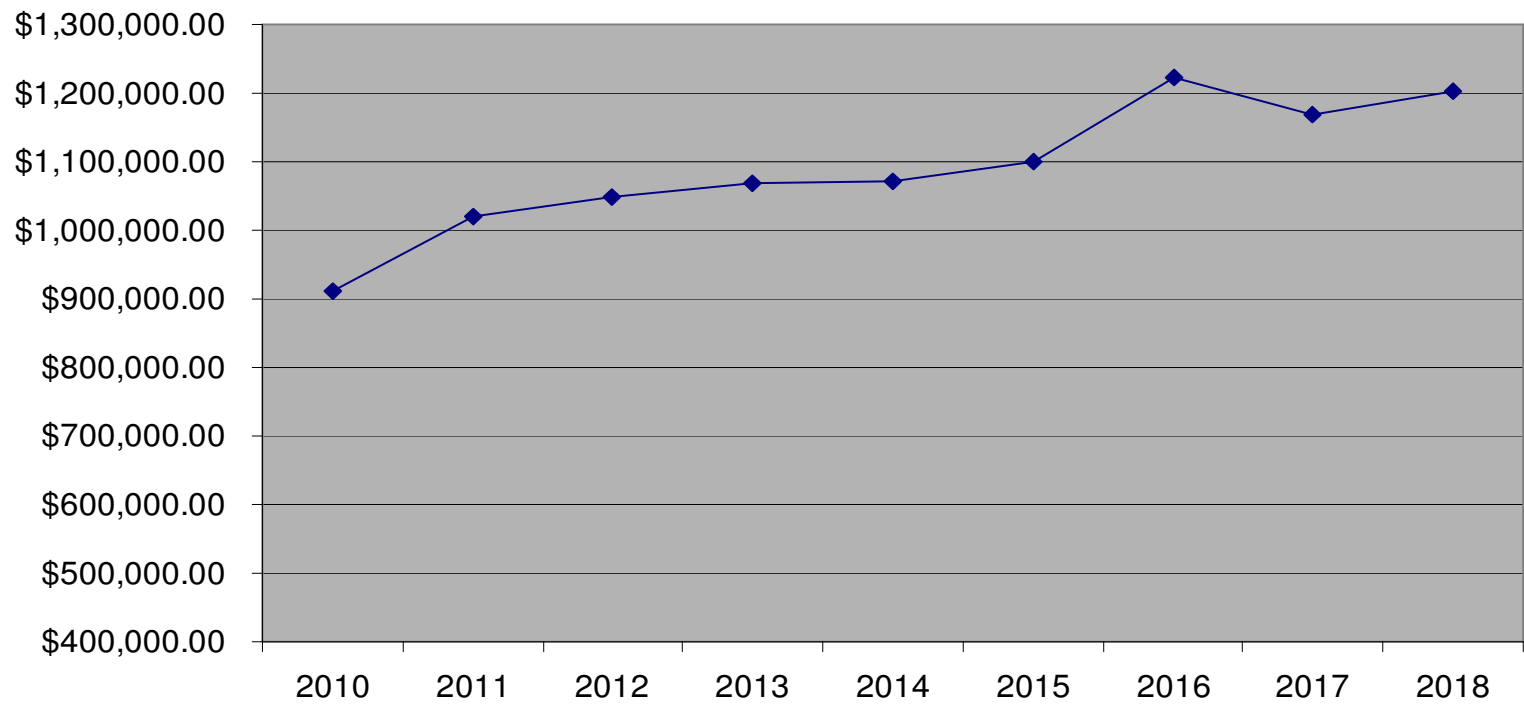
Stark Community Foundation Releases Economic Development Report

Date: August 30, 2017

- After months of analyzing data, what emerged is that Stark County is on the verge of a transformation. If we choose to stay on our present trajectory, we will transform into a smaller, older, and relatively poorer place.
- “If the demographic and income trends in the County continue, they will put a fiscal strain on every community in the county.”

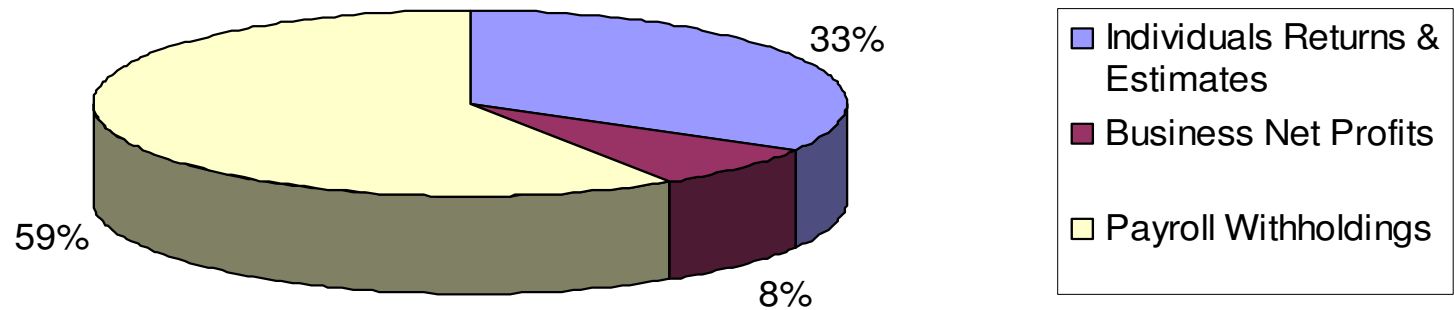
Revenue Trends - Reminder

Payroll Withholdings



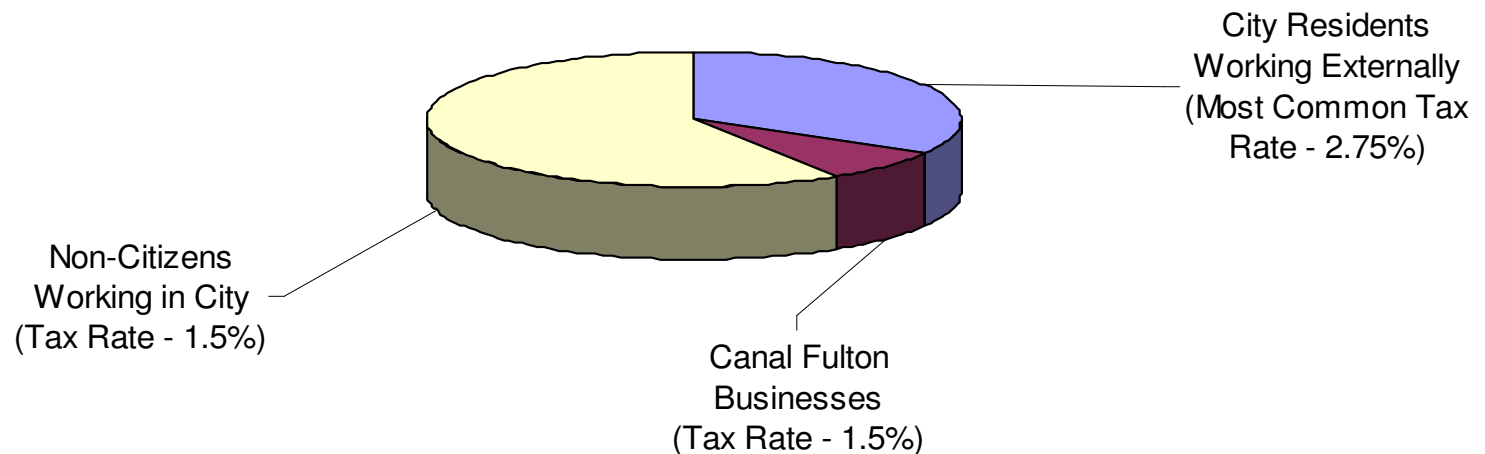
2018 Income Tax – Reminder

2018 YTD Income Tax Collections 10/31/18



2018 Income Tax – Different View

**2018 YTD Income Tax Collections
Most Common Source, Most Common Tax Rate**



Questions

- Why does the City want tax reform?
- Answer – For citizens, it fixes inequitable tax rates.
- Answer – For the City, tax reform helps stabilize our major revenue source from changes in local demographics.

Questions

- A citizen questioned the accuracy of a statement I made in describing a table in my prior presentation.
- Answer – The citizen is correct, I made a mistake in how I verbally described the table.

Prior Table – Inaccurate Stmt

Tax Rate	# of Cities	Income	% of Income
>2.25%	10	\$884,524.12	1.17%
2.25%	10	\$21,581,756.78	28.84%
2.00%	46	\$26,394,192.15	35.27%
1.5% – 1.9%	19	\$4,515,045.02	6.04%
<1.5%	17	\$21,456,643.10	28.68%

Corrected Table – W-2 Counts/Tax Filings

Tax Rate of External City	# of Filings	Percentage
Greater than 2.0%	1,746	60%
Between 1.5% & 2.0%	203	7%
Less than 1.5%	968	33%

- Current Tax Law – A citizen working in North Canton pays 1.5% to North Canton & .75% to Canal Fulton = 2.25% total tax
- Proposed Tax Law – 1.5% to North Canton & .50% to Canal Fulton = 2.00% total tax
- 67% of citizens working outside of City could receive a tax break

Questions

- Won't the City take the 100% credit away later to generate more money?
- Answer – It is legislatively possible, but unlikely unless the City is in dire circumstances. Please remember that the City could have repealed the current 50% credit anytime during the last 17 years to generate more revenue. Proposing tax reform as a levy to be voted on by the people, rather than simply repealing the remaining 50% credit, indicates that we value citizen input into the tax policy; we recognize that our citizens have an inequitable tax situation now; and we are not proposing this solely as a revenue generation strategy.

Question

- Could we change the charter to make the 100% credit permanent?
- Answer - We have no idea what the City will look like and problems it will face in 20 years. City Council has to have the flexibility to respond to dire circumstances. Tax code is not typically included in charters or even the U.S Constitution at the federal level for this reason.

Questions

- Is this a back door way of funding the YMCA?
- Answer – No, City Council controls the City's budget. No specific purpose has been designated for any additional funds we may receive as a result of the tax reform, if any. If we wanted to generate additional funds for the YMCA against the will of the people, we could have repealed the remaining 50% credit rather than asking citizens to vote on the YMCA levy several years ago.

Questions

- Will retirees and senior citizens be negatively impacted by the tax reform?
- Answer – Social Security and pension income are not taxable for City purposes. Therefore, there will be no impact on retirees unless they have another source of income.

Questions

- Why should I vote for tax reform?
- Answer – It fixes inequitable tax rates for citizens working outside the City
- Answer - It makes tax filing/planning easier for those citizens
- Answer - It helps eliminate a deterrence for families choosing to move in the City, which helps the schools (largest employer)
- Answer – It helps stabilize City revenues
- Answer – No impact on pensions or social security income

Questions

- Why should I vote against tax reform?
- Answer – Citizens that live and work in the City may have to pay a higher tax rate (depends on filing status and income weighting)
- Answer - Business net profit taxes will increase .5%
- Answer – A family member/friend lives in the Township but works in the City and will now pay .5% more in taxes

Questions

- Contact Bill Rouse at 330-854-6761
- Contact Bill Keltner at 330-854-9448