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## Canal Fulton proposing 2 percent income tax rate

By Steven M. Grazier

IndeOnline.com staff writer

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If a May levy passes, Canal Fulton residents who work outside of the city will get a tax break. Those who work within the city limits will see a 0.5-percent hike.

**CANAL FULTON** Voters will have an opportunity this spring to decide if the city should get its first income tax increase in more than a decade.

The levy would amount to a tax break for folks who live in Canal Fulton but work outside the city, and the city would largely break even if the measure goes through.

City Council has asked the Stark County Board of Elections to place a 0.50-percent, income tax rate increase on the May 7 primary ballot. The city is seeking to raise its rate from 1.5 percent to 2 percent.

Canal Fulton's most recent income tax increase came in 2008, according to city Finance Director Bill Rouse, who said the rate rose 0.40 of a percent, from 1.1 percent to the present 1.5 percent. City officials are trying to sustain tax revenue over multiple years, which is the reason for seeking the tax hike.

"A lot of our citizens are retiring and off of the tax rolls," Rouse said. "The 2 percent helps stabilize our tax code some, because of the emphasis on businesses and employers in the city."

According to Rouse, a change in tax policy if the levy passes, would also shift the tax burden more toward businesses and those who work within the city, while city residents who work outside of the municipality would see some relief.

For instance, a Canal Fulton resident earning \$40,000 annually outside of the city currently pays about \$300 in municipal tax. That amount would be waived if the city's levy passes, Rouse said. However, the worker would still have to pay the income tax to the city or community where he or she works.

"The city is not in financial trouble," Rouse said. "We want citizens to vote on what's best for them or their household, and we'll see where it goes."

Folks who work in the city would see a municipal tax hike, Rouse said, as an individual earning \$40,000 would pay \$200 more per year via a 2-percent rate.

Canal Fulton is also seeking to be on par with other regional municipalities that have a 2-percent rate, such as Massillon, Green, Doylestown, Alliance and Louisville, Rouse said.

### **Break for non-city workers**

Rouse said the bulk of Canal Fulton residents work outside of the city, particularly in Green, Akron, Massillon or Canton. It would be those folks who would get the break.

Many city residents employed in Akron or Canton are paying those municipalities' 2.5-percent tax, in addition to their share — 0.75 of a percent — of Canal Fulton's rate, totaling 3.25 percent. Complaints have been frequent by those workers about "unfair" or "high" taxes, Rouse said.

Mayor Joe Schultz agreed.

"For years, a lot of people feel they've been double-taxed," said Schultz, noting that as a resident and worker in the city his taxes will go up if the levy passes. "Citizens have a chance to decide. That's what we're excited about."

If the May levy is approved by voters, City Council has agreed to change the current 50-percent credit, totaling 0.75 of a percent based on the existing 1.5 percent rate, to a full, 100-percent credit for Canal Fulton residents who work outside the city in a neighboring community that levies an income tax.

Even though the rate would increase to 2 percent along with the 100-percent credit, 67 percent of the city's residents who pay income tax, or about 1,900 people, would get a tax cut. Based on current collections, the city is estimated to net between \$100,000 and \$300,000 a year in additional revenue.

"We're not banking on the extra money," Rouse said. "This (levy) puts a proposal out to our citizens, and says, 'What do you want?'"

*Reach Steven at 330-775-1134 or at [steven.grazier@indeonline.com](mailto:steven.grazier@indeonline.com).*

***On Twitter:*** [@sgrazierINDE](https://twitter.com/sgrazierINDE)