The Village of
Golf Manor OHIO
6450 Wiehe Road • Golf Manor, OH 45237 • 513-531-7491 • 513-531-4404 FAX • www.golfmanoroh.gov

Memorandum

To: Village Council

From: Nathan E. Cahall, Village Administrator

Re: Ordinance Amending the Village of Golf Manor Income Tax Code Chapter 152 Regarding Credit for Tax Paid to Another Municipality or Joint Economic Development District/Zone

SUMMARY

The Village's income tax regulations under Chapter 152 of the Codified Ordinances provides taxpayers with an up to 100% credit for income taxes paid to other municipalities or Joint Economic Development Districts/Zones. The credits result in certain resident taxpayers within the Village having no income tax liability payable to the Village if their payments to other qualifying entities are equal to or in excess of 1.7% of their qualifying wages, commissions, or other compensation. For instance, if a taxpayer in the Village works in the City of Cincinnati which has an income tax rate of 2.1%, they would not pay any income taxes to the Village. If they work in a municipality with a rate of 1.5%, for example, they would only pay income taxes to the Village at a revised rate of 0.2%. Only resident taxpayers (which includes businesses) working/conducting business solely in the Village or who work in a jurisdiction, like a township, that does not impose a local income tax, pay the full 1.7% rate to the Village.

Other communities in the region typically do not provide a tax credit up to 100% of the default local income tax liability. It is more common in the Cincinnati region for local municipalities to cap the level of tax credit afforded to an amount lower than the entire local income tax rate level to ensure that resident taxpayers to provide some revenues to support local government operations in benefit to them. The proposed legislation would amend the Village's tax regulations to cap the annual credit at 0.7%. This would result in resident taxpayers having a minimum Village income tax liability of at least 1%, regardless of payments made to other qualifying entities. The proposed amendment to the Village's income tax credit provisions would take effect January 1, 2027.

FISCAL ANALYSIS

The proposed change to the Village's income tax credit system will result in an increase in income tax revenues annually. Upon full implementation of the amendment, staff estimates an increase of around

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$225,000 in revenue each year, with said estimated new revenue increasing over time with typical wage and revenue inflationary growth. This estimated increase will help to begin to stabilize the general fund's expected carryover balance which has been in significant decline for some time.

RECOMMENDATION

Staff recommends approval by Village Council of the legislation.