

## Issue 3, Centerville's Proposed Income Tax levy Frequently Asked Questions

### What is Issue 3?

Issue 3 asks voters whether to approve a 0.5 percent income tax increase. With voter approval, it will increase the income tax from 1.75 percent to 2.25 percent to help maintain the quality of services the City of Centerville provides our citizens.

It will not tax Social Security, pensions, interest, retirement or investment accounts.

It will affect people who work in the City of Centerville, regardless of where they live. A majority of Centerville residents work outside of our City limits and most are already paying 2.25 percent or higher. These taxes do not fund our city, but rather the city where the resident is employed.

### Providing Exceptional Value

Even with a modest increase in income tax,  
Centerville would remain an outstanding value,  
with residents receiving more and paying less than neighboring cities.

	Income Tax Rate	Property Tax Rate	Assessed Sidewalk	Assessed Curb & Gutter
<b>Moraine</b>	<b>2.50%</b>	<b>2.50%</b>	<b>NO</b>	<b>NO</b>
<b>Oakwood</b>	<b>2.50%</b>	<b>10.05%</b>	<b>YES</b>	<b>NO</b>
<b>Kettering</b>	<b>2.25%</b>	<b>6.79%</b>	<b>YES</b>	<b>YES</b>
<b>Miamisburg</b>	<b>2.25%</b>	<b>7.03%</b>	<b>YES</b>	<b>YES</b>
<b>W. Carrollton</b>	<b>2.25%</b>	<b>6.25%</b>	<b>YES</b>	<b>YES</b>
<b>Centerville</b>	<b>1.75%</b>	<b>2.35%</b>	<b>NO</b>	<b>NO</b>

Recognized for being fiscally conservative, City Council decided to ask only for what is absolutely needed to maintain current and future Police services, road resurfacing and other vital City services such as snow removal, leaf collection and curb, sidewalk and street repairs.

That modest increase would raise the income tax rate to 2.25 percent—the same as Kettering, Miamisburg, West Carrollton, and less than Moraine and Oakwood. Still an exceptional value, as most cities assess for sidewalk and curbs/gutters while Centerville does not.

### **When is it on the ballot?**

Issue 3 will appear on the November 8, 2016 ballot.

- It has been 35 years since the City last requested an earned income levy.
- If it receives voter approval, collection would begin January 2017.

If the levy passes, the City can maintain current and future services such as police services, road resurfacing and repair, and snow removal. We expect this increase to stabilize City services for a very long time.

### **Why is Centerville asking for an increase in the earned income tax now?**

Steep, on-going State cuts of almost \$3 million have led City Council to stretch, reduce, delay and cut the City's budget, staff and services. However, with an annual loss of \$3 million in state funding, Centerville Council says these reduction measures are no longer enough as the City continues to face even tougher financial decisions and looks for ways to stabilize funding.

### **What are the State cuts?**

The Ohio State legislature has made severe cuts over the past five years. Centerville has experienced an 89 percent reduction in funding which amounts to a 20 percent reduction to the City's general fund.

Centerville has experienced the following State cuts since 2011:

\$80,000 Tangible Personal Property Tax reimbursements (eliminated in 2011)

\$2,000,000 Estate Tax, amount received in 2012 (eliminated in 2013)

\$325,000 Local Government Fund (50 percent reduction in 2013)

\$100,000 Local Government Fund (additional 25 percent reduction in 2015)

\$1,000,000 HB 5 (annual estimated loss, beginning 2017)

Total: \$3,505,000 in budget cuts since 2011

### **What steps has the City taken to reduce spending before asking its citizens to approve an income tax increase?**

Centerville City Council has been proactively enacting cuts and reductions including:

- Significantly reducing staffing – Fourteen (14) positions were eliminated and/or reduced in hours and pay
- Delaying purchases and replacements for much-needed equipment and vehicles
- Delaying road resurfacing and improvements
- Increasing City employee costs for medical insurance
- Reducing contributions to local organizations

Despite these efforts, it is clear that the City cannot further delay important road improvements.

**Who will vote on this issue?**

City of Centerville registered voters will have the opportunity to vote on this issue. The issue will not appear on the ballots of those living outside of Centerville City limits.

**Who would this increase affect?**

The earnings tax levy will apply to everyone working in the City regardless of where they may live. A majority of Centerville residents work outside of our City limits and most already pay 2.25 percent or higher. These taxes do not fund our city, but rather the city where the resident is employed.

Exemptions from the proposed earnings levy include pensions, Social Security, interest, retirement and investment accounts.

**I live in Centerville but work in another city or community, how would this affect me?**

The majority of Centerville residents would see no difference. If you work in a city with an income tax rate of 2.25 percent or higher (including Dayton, Kettering, Huber Heights, West Carrollton, Miamisburg, Moraine and Oakwood) you would see no difference in your income tax from your wages.

If you work in an area without income tax, like Wright-Patterson Air Force Base, you would be impacted by the additional 0.5 percent increase.

People pay income tax to the city where they are employed, not where they live.

**How much would the income tax increase City funding?**

City officials expect the increase to bring in an additional \$2.2 million each year.

**What City services does income tax fund?**

Income tax is the largest single source of revenue for the City, providing 80 percent of the City's General Fund revenue. It is generated from employee withholdings, taxes on the earnings of Centerville businesses and taxes paid by individuals. As the State of Ohio continues to cut funding to cities, Centerville has increased its reliance on income tax revenue, which has been essentially flat for the past five years.

As rising costs continue to outpace the City's budget, our challenge is how to maintain the high level of services we offer our citizens, given our low local tax rates and drastically reduced state assistance. Every effort is made to give our citizens the best value for their tax dollar.

### **What do my property taxes pay for?**

For every local dollar of your property tax, the City of Centerville's portion is the lowest, receiving only three cents.

That three cents is important because it helps provide for outstanding Police, roads and other vital city services that are enjoyed by all. Additionally, the City of Centerville is one of only a handful of communities that does not assess property owners for curb, gutter, and sidewalk repairs, street lighting or storm sewer utility fees.

Of your local taxes, Centerville's municipal property tax rate, at 2.35 mills, is the second lowest in Montgomery County. The Centerville municipal government realizes less than three cents from every property tax dollar collected. Of the balance, 56 cents supports the school district, 21 cents is allocated to Montgomery County, and the remainder is allocated to Washington Township (9 cents), Sinclair Community College (5 cents), Washington-Centerville Public Library (3 cents) and Centerville-Washington Park District (3 cents).

Centerville residents pay more property tax for libraries or parks than for their police and roads.

### **Where can I get more information?**

As always, Council will keep our citizens informed as new options are discussed and decisions are made with the ultimate goal of sustaining your City's ability to continue delivering the exceptional Police, street and other City services that our residents have come to expect. Call City offices, 433-7151 with your questions.

**City Council is hosting three community meetings to answer questions about the City's budget and financial situation. All residents are invited to attend.**

Oct. 24	6:30 p.m.	Village Center at Bethany Village, 6445 Far Hills Ave.
Oct. 26	6:30 p.m.	Franciscan Center at St. Leonard, 8100 Clyo Road
Nov. 1	6:30 p.m.	The Golf Club at Yankee Trace, 10000 Yankee Street

To review financial reports, go to [www.centervilleohio.gov](http://www.centervilleohio.gov) and click "Financial Report/Budget" under Quick Links.