



2026 Tentative Tax Budget Overview

December 9, 2024

Tentative Tax Budget Background

- A Tentative Tax Budget (TTB) is required under Ohio State law to be passed by January 15th and submitted to the County Auditor by January 20th.
- The approved TTB is the basis for establishing the City's CY 2026 property tax millage rate—providing resources for the City's FY 2026 and FY 2027 budget.
- This is the only opportunity City Council has to set the City's property tax millage rate for CY 2026, but while the TTB meets the state's requirements, it does not set the FY 2026 General Fund Operating Budget.
- The City's charter, as approved by voters, allows for 6.1 mills to fund the City's current operating expenses and such additional millage as necessary to fund debt service and expenses for the City's outstanding debt.

CY 2026 TTB Recommendation

- The Administration is recommending that CY 2026 property tax millage rates be maintained at the same amount as CY 2025:

Operating Millage = **6.10 mills**

Debt Millage = **7.50 mills**

- Based on updated income tax projections, Hamilton County Auditor's current assessed property values, and the recommended 6.10 operating millage rate, the TTB projections for the City's FY 2026 General Fund Budget are:

Projected FY 2026 GF Revenue	\$556,257,884
Projected FY 2026 GF Expenditures	<u>\$572,215,496</u>
Projected Deficit	-\$ 15,957,613

FY 2026 Budget Development

The City Administration will be working over the next several months to produce the FY 2026 Recommended Budget and is fully confident that we will produce a structurally balanced budget without material service delivery impacts.

- In anticipation of ARP resources being exhausted, the Administration has been working on identifying and executing on revenue enhancement initiatives to be ready for FY 2026. The results of that work will be fully incorporated into the FY 2026 Recommended Budget and revenue projections will be updated again.
- Additionally, the Administration has been working on expense efficiencies and performance-based budgeting to prepare for the FY 2026 budget. These initiative results will also play a role in developing the FY 2026 budget.
- The projected deficit is equal to 2.79% of the projected FY26 General Fund Budget and will be closed through a combination of revenue enhancements and expenditure reductions.

FY 2026 Budget – Revenue Trends

- Based on historic collections and updated data on economic trends, the University of Cincinnati (UC) Economics Center is projecting \$7.6 million or 2.1% increase above the FY 2025 estimate in FY 2026 for City income tax General Fund revenues.
- UC will update the forecast again in March 2025 and those updated amounts will be used as part of the FY 2026-2027 Biennial Budget process.
- The Hamilton County Auditor's Office revalued all properties located in Hamilton County in 2023 and therefore, no significant increases to property tax revenue are anticipated.

FY 2026 Budget – Expense Trends

- The IAFF and FOP contracts were renegotiated early this fiscal year. Wage increases of 5%, 4%, and 3% over a three-year period were agreed upon, and 3% is included in the FY 2026 Budget projection in accordance with the new contracts.
- A 3.0% wage increase is included for the CODE, AFSCME, and Building Trades members for FY 2026, which will be subject to negotiation as these contracts all expire during calendar year 2025. Non-represented employees are budgeted for a 3% wage increase.
- At present, projections of expense growth continue to outpace projections of revenue growth, which will require expenditure reductions in order to produce a structurally balanced budget.

Important TTB Dates and Deadlines

December 9, 2024

Public Hearing

December 11, 2024

Approval of the TTB Resolution

January 15, 2025

Submission to the County Auditor

Questions?