



FY 2023 Tentative Tax Budget Overview

January 10, 2022

General Comments

- A Tentative Tax Budget (TTB) is required under Ohio State law and is submitted to the County Auditor.
- The approved TTB is the basis for establishing the CY 2023 property tax rate.
- This is the only opportunity City Council has to set a property tax millage rate for CY 2023.
- While the TTB meets the state's requirements, it does not set the FY 2023 Operating Budget.

2023 TTB — Version A and B Comparison

	Version A	Version B
CY 2022 Operating Mills	3.97	3.97
Proposed CY 2023 Operating Mills	6.10	4.96*
Projected FY 2023 GF Revenue	\$470,172,551**	\$466,407,890**
Projected FY 2023 GF Expenditures	\$486,156,494	\$486,156,494
Projected FY 2023 GF Budget Deficit	-\$15,983,943	-\$19,748,604
Projected FY 2023 GF Deficit w/o ARP Dollars	-\$81,983,943	-\$85,748,604
Proposed CY 2023 Debt Mills	7.50	7.50

*Projected millage based on setting property tax revenue at \$28,988,000 per the prior year City Council rollback policy.

**Includes \$66.0 million in one-time American Rescue Plan funds.

Version A and Version B Comparison

- Version A provides \$3.76 million more in General Fund (GF) Revenue.
- What does \$3.76 million in GF Revenue pay for? Examples are:
 - 37 entry-level Firefighters or 36 entry-level Police Officers;
 - 42% of GF Human Services leveraged support for FY 2023;
 - 46% of the GF automotive repair budget;
 - 75% of the GF power/utility budget;
 - 76% of the GF software and licenses budget;
 - 50% of the GF trash collections budget (Note: Trash pickup would be reduced to every other week);
 - 10-12 pools, 9 recreation centers, and associated staffing and maintenance; or
 - More than 100% of the GF Parks Department budget for summer programs, and associated staffing and maintenance.

What is the additional cost of Version A to property owners?

- The millage rate for Version A is 6.1 mills vs. 4.96 mills for Version B, or a difference of 1.14 mills.
- The annual increased cost of the additional 1.14 mills is determined by the market value of the property. Some examples are:

Market Value	Increased Cost
\$100,000	\$ 34
\$150,000	\$ 51
\$200,000	\$ 68
\$250,000	\$ 85
\$300,000	\$102

2023 TTB - Recommendation

- The Administration is recommending Version A due to the projected deficit for FY 2023.
- City Income Tax revenue has been updated by the University of Cincinnati (UC) Economics Center's Economic Forecast and includes a 1.73% increase for FY 2023. UC will update the forecast in March 2022 and the updated amounts will be used as part of the FY 2023 Budget Update process.
- Expenditures have outpaced revenues due to increased labor costs, increased non-personnel costs, and increased expenditure trends in FY 2022 that will continue through FY 2023.
- Most revenue sources are rebounding to pre-COVID-19 levels with the exception of income tax. UC's economic forecasters predict a 16% reduction in income tax withholding revenue as a result of Cincinnati employers shifting to remote work on a permanent basis.
- The CODE contract expires during FY 2022, and the Building Trades and Teamsters contracts will expire during FY 2023. An estimated cost-of-living adjustment (COLA) is included for these contracts as well as non-represented employees. A 5.0% COLA is included for AFSCME members during FY 2023 as approved by the City Council in November 2021. The IAFF and FOP contracts will be in their final year and call for a 3.0% COLA during FY 2023.

Historic Millage Rates

Collection Year	General Fund Millage	County Estimated Revenue	TPP& PUPP Reimbursement from State	Resolution	Debt Service Millage	County Estimated Revenue	TPP& PUPP Reimbursement from State	Total Millage	Total Estimated Revenue
1985-1999	6.10				5.36				
1995	6.10	28,062,440		#143-1994	5.36	24,658,150		11.46	52,720,590
1996	6.10	28,060,000		#121-1995	5.36	24,656,000		11.46	52,716,000
1997	6.10	30,240,000		#150-1996	5.36	26,585,610		11.46	56,825,610
1998	6.10	28,853,000		#188-1997	5.36	25,352,800		11.46	54,205,800
1999	6.10	28,799,558		#159-1998	5.36	25,305,841		11.46	54,105,399
2000	5.54	29,242,312 ¹		#103-1999	5.36	26,329,392		10.90	55,571,704
2001	5.40	28,649,743		#172-2000	5.36	28,437,523		10.76	57,087,266
2002	5.40	28,555,479	688,245 ²	#132-2001	5.36	28,296,116	635,400 ⁴	10.76	58,175,240
2003	5.27	30,528,350	688,245 ²	#125-2002	5.36	31,033,150	635,400 ⁴	10.63	62,885,145
2004	5.00	28,300,000	688,245 ²	#120-2003	5.36	30,337,000	635,400 ⁴	10.36	59,960,645
2005	4.98	28,450,740	688,245 ²	#90-2004	5.36	30,621,680	788,284 ⁴	10.34	60,548,949
2006	4.83	27,564,810	1,419,811 ²	#68-2005	5.36	30,589,520	1,545,424 ⁴	10.19	61,119,565
2007	4.57	27,077,250	1,911,788 ²	#45-2006	5.36	31,758,000	2,073,207 ⁴	9.93	62,820,245
2008	4.53	26,525,460	2,606,406 ²	#57-2007	5.36	31,385,533	2,721,749 ⁴	9.89	63,239,148
2009	4.53	25,719,845	3,310,742 ²	#57-2008	5.36	30,432,311	3,488,187 ⁴	9.89	62,951,085
2010	4.46	25,710,339	3,328,151 ²	#52-2009	5.36	30,898,524	3,502,148 ⁴	9.82	63,439,162
2011	4.60	26,082,175	645,707 ²	#62-2010	5.47	31,015,108	3,600,381 ⁴	10.07	61,343,371
2012	4.60	23,992,902 ³		#46-2011	5.90	30,773,505	3,724,789 ⁴	10.50	58,491,196
2013	4.60	23,493,120 ³		#49-2012	6.25 ⁵	31,920,000	3,724,789 ⁴	10.85	59,137,909
2014	5.70	28,993,050		#57-2013	6.50	33,062,250	3,724,789 ⁴	12.20	65,780,089
2015	5.60	28,342,720		#37-2014	6.50	32,897,800	3,272,789 ⁴	12.10	64,513,309
2016	5.60	29,069,600		#41-2015	6.50	33,741,500	3,724,789 ⁴	12.10	66,535,889
2017	5.54	29,029,600		#25-2016	6.50	34,060,000	3,724,789 ⁴	12.04	66,814,389
2018	5.54	29,389,700		#35-2017	6.50	34,482,500		12.04	63,872,200
2019	5.16	28,988,880		#32-2018	7.26 ⁶	40,786,680		12.42	69,775,560
2020	5.19	28,988,880		#01-2019	7.26	40,786,680		12.45	69,775,560
2021	5.02	29,013,350		#21-2020	7.50	42,750,000		12.52	71,763,350
2022	3.97	28,996,314		#26-2021	7.50	48,600,000		11.47	77,596,314

¹ In 1999, City Council set the millage for 2000 at a specific dollar amount equal to \$29,242,311 based on what was collected in 1999.

² From 2002-2011, the State of Ohio reimbursed the City for TPP & PUPP losses in operating tax revenue due to the phase out of the programs. This reimbursement reduced the millage necessary to collect the rollback amount of \$28,988,000.

³ In 2012, the total property tax values decreased by 8.3%. However, City Council elected to keep the millage at 4.6 in 2012 and 2013 even though the revenue collected was significantly reduced from the rollback amount of \$28,988,000. In addition, the City no longer received any operating revenue reimbursements from the State of Ohio.

⁴ From 2002-2017, the State of Ohio reimbursed the City for TPP & PUPP losses in debt service revenue due to the phase out of the programs. This reimbursement reduced the millage that was needed to pay debt service.

⁵ In 2012, City Council adopted \$27.9 million of one-time capital projects, including District 3 Police Station. This required a .73 millage increase over a two year period.

⁶ In 2018, City Council approved a 1.0 mill increase (from 6.50 to 7.50) for tax year 2019 to cover additional capital needs related to the Western Hills Viaduct, a fire training facility, women's restrooms in firehouses and other Fire Department facility related renovations.

CY 2021 City Real Estate Tax Breakdown

2020 Real Estate Tax Breakdown (Paid in CY 2021)

\$100,000 House Example

Tax Description	Current Dollars	Percent age of R/E Bill
School District	\$1,466.08	62.22%
Township	\$0.00	0.00%
City/Village		0.00%
Debt Service 7.50 Mills	\$ 232.58	9.87%
General Operating 5.02 Mills	\$ 155.67	6.61%
Joint Vocational School	\$0.00	0.00%
County General Fund	\$70.12	2.98%
Public Library	\$53.50	2.27%
Family Service/Treatment	\$8.90	0.38%
HLTH/Hospital Care-Indigent	\$44.66	1.90%
Mental Health Levy	\$43.08	1.83%
Developmental Disabilities	\$103.32	4.38%
Park District	\$27.10	1.15%
Crime Information Center	\$4.36	0.19%
Children Services	\$103.38	4.39%
Senior Services	\$34.26	1.45%
Zoological Park	\$9.26	0.39%
Annual Real Estate Tax Bill	\$2,356.27	100.00%

FY 2023 Budget Update Process

- The Administration did not implement substantial fee increases for FY 2022 and is not recommending any substantial fee changes for FY 2023.
- Exempting Police, Fire, and Emergency Communications results in remaining General Fund Departments facing a 11.3% reduction based on current revenue estimates in Version A, and a 14.4% reduction in Version B.
- If Councilmembers are recommending new or increased fees, or new or increased taxes, please submit information to the Law Department by February 1, 2022. This will allow ample time to research the feasibility and certify a reasonable revenue estimate.
- The Administration will propose a balanced FY 2023 Budget Update for approval prior to July 1, 2022. Currently, \$66.0 million in one-time American Rescue Plan funds are included as a revenue source.

FY 2023 Budget Policy Motion Process

Weekly Budget Presentations at Budget and Finance Committee	January 18 – March 21
City Council Submits Draft of Budget Policy Motion to Committee	March 21, 2022
Public Hearing: Budget Policy Motion	March 28, 2022
City Council Approves the Budget Policy Motion at Council Meeting	March 30, 2022

FY 2023 Budget Update Process

City Manager's FY 2023 Recommended Budget Update Delivered to Mayor	May 13, 2022
Mayor's Recommended Budget Update Delivered to the City Council	May 27, 2022
Three Public Hearings TBD	June 2, June 7, June 8
City Council Approves the FY 2023 Budget	June 22, 2022

Important Dates and Deadlines

- Budget and Finance Committee's Tentative Tax Budget Public Hearing – January 10, 2022.
- City Council approval of the Tentative Tax Budget Resolution on January 12, 2022. Must be approved by January 15, 2022.
- County Budget Commission has final approval of millage rates. City Administration attends the Commission hearing to support the requested millage rate.

Questions?