



Legislation Text

File #: R-639-23, **Version:** 2

Continuation of the $\frac{3}{4}\%$ Income Tax Levy

Providing for an election on the question of the approval of the passage of an ordinance to amend Chapter 1905 of the Toledo Municipal Code to provide for the continuation of the City's existing temporary additional three-quarters percent ($\frac{3}{4}\%$) municipal income tax for a period commencing January 1, 2025 and ending December 31, 2028, and for one-third ($\frac{1}{3}$) of the proceeds of that tax to continue to be allocated to Police, Fire, and other Safety Department responsibilities, one-third ($\frac{1}{3}$) of the proceeds of that tax to continue to be allocated to the General Fund, and one-third ($\frac{1}{3}$) of the proceeds of that tax to continue to be allocated to the Capital Improvements Fund unless Council, for cause, approves a reallocation to the General Fund; and declaring an emergency.

WHEREAS, Chapter 1905 of the Toledo Municipal Code currently provides for, among other things, the levying of one percent and one-half percent municipal income taxes that are in effect for a continuing period of time (the Continuing Levies); and

WHEREAS, on November 3, 2020, the voters of the City of Toledo approved, and on November 17, 2020, this Council passed, Ordinance No. 281-20, providing for the continuation of a temporary three-quarters percent ($\frac{3}{4}\%$) municipal income tax, which tax was first imposed by an ordinance approved by the voters of the City in 1982 and extended by prior ordinances approved by votes of the electors of the City in 1985, 1989, 1993, 1997, 2002, 2005, 2008, 2012, 2016 and 2020 in addition to the Continuing Levies and any other income tax levied for a purpose set forth in an ordinance approved by the electors of the City and this Council; and

WHEREAS, that temporary three-quarters percent ($\frac{3}{4}\%$) municipal income tax is scheduled to expire on December 31, 2024; and

WHEREAS, this Council desires and believes it necessary to approve an ordinance to provide for the continuation of the three-quarters percent ($\frac{3}{4}\%$) municipal income tax during a period commencing on January 1, 2025 and ending December 31, 2028 and for maintaining the current provisions with respect to the allocation of the proceeds of that tax; and

WHEREAS, the provisions of Chapter 718 of Ohio Revised Code require that the passage of such an ordinance receive the approval of the electors of the City; NOW, THEREFORE,

Be it resolved by the Council of the City of Toledo:

SECTION 1. That the Council hereby authorizes and directs that there be submitted to the electors of the City of Toledo at an election to be held on March 19, 2024, the question of the approval of the passage of an ordinance to amend Sections 1905.01 and 1905.14 of the Toledo Municipal Code in order to provide, among other things, for the continuation of the City's existing temporary three-quarters percent ($\frac{3}{4}\%$) municipal income tax for a period commencing January 1, 2025 and ending December 31, 2028, for one-third ($\frac{1}{3}$) of the

proceeds of that tax to be allocated to Police, Fire, and other Safety Department responsibilities, one-third (1/3) of the proceeds of that tax to be allocated to the General Fund, and one-third (1/3) of the proceeds of that tax to be allocated to the Capital Improvements Fund and for this Council to continue to have authority, upon request by the Mayor, to reallocate proceeds of the City's temporary three-quarters percent (¾%) income tax from the Capital Improvements Fund to the General Fund to address financial needs, and which temporary three-quarters percent (¾%) income tax shall be in addition to the Continuing Levies and any other additional income tax levied for a purpose set forth in an ordinance approved by the electors of the City and this Council.

SECTION 2. That the proposed ordinance submitted to the electors of the City for their approval pursuant to this resolution shall be as follows:

ORD. 640-23

Amending Sections 1905.01 and 1905.14 of the Toledo Municipal Code to provide, among other matters, for the continuation of the City's existing temporary three-quarters (¾%) municipal income tax for a period commencing January 1, 2025 and ending December 31, 2028, to continue to provide additional funds for Police, Fire, and other Safety Department responsibilities, for the General Fund, and for the Capital Improvements Fund, and for the allocation of those funds.

Be it ordained by the Council of the City of Toledo:

SECTION 1. That Section 1905.01 of the Toledo Municipal Code, as presently written, to wit:

"1905.01 Declaration of Purposes and Levying of Tax.

(A) There shall be and are hereby levied the following annual taxes on the income of every person residing in or earning or receiving income in the Municipality, as measured by each such person's municipal taxable income, all as hereafter provided in this Chapter:

(1) To provide funds for general municipal operations, maintenance, new equipment and capital improvements of the City, a tax on municipal taxable income at a uniform rate of one percent (1.00%) per year.

(2) To provide funds one-half (½) of which shall be allocated to the General Fund for wage and salary increases and services and one-half (½) of which shall be allocated to the Capital Improvements Fund, as provided in Ordinance No. 605-66, passed by the Council of the City of Toledo on August 1, 1966, and approved by the City's voters at an election on November 8, 1966, a tax on municipal taxable income at a uniform rate of one-half percent (0.50%) per year.

(3) During the period commencing January 1, 2021 and ending December 31, 2024, a tax on municipal taxable income at a uniform rate of three-quarters percent (¾%) to provide funds one-third (1/3) of which shall be allocated to the General Fund for Police, Fire and other Safety Department responsibilities, one-third (1/3) of which shall be allocated to the General Fund, and one-third (1/3) of which shall be allocated to the Capital Improvements Fund; provided, however, that the Council, upon its determination of financial need, may, at the request of the Mayor, cause any unencumbered funds allocated as provided herein to the Capital Improvements

Fund to remain in the General Fund or to be transferred back to the General Fund and to be appropriated and used for any purpose set forth in division (D) of Section 1905.14.

(B) Consistently with the provisions of division (A) of this Section, there shall be levied and imposed upon the municipal taxable income of every person residing in or earning or receiving income in the Municipality an aggregate annual income tax as follows: (1) for the period commencing January 1, 2021 and ending December 31, 2024, a tax at the uniform rate of 2.25% per year for the purposes specified in division (A)(1), (2) and (3) of this Section plus (b) the rate per year of any additional tax levied for a purpose set forth in an ordinance approved by the electors of the City and this Council and specified in another Section of this Chapter; and (2) thereafter, unless a separate ordinance providing for a different rate or rates is approved by the electors of the City and this Council or otherwise passed in accordance with law, a tax at a uniform rate equal to the sum of (a) 1.50% per year tax for the purposes specified in the division (A)(1) and (2) of this Section plus (b) the rate per year of any additional tax levied for a purpose set forth in an ordinance approved by the electors of the City and this Council and specified in another Section of this Chapter. The provisions of division (A) of this Section 1905.01 and of Section 1905.14 shall govern the crediting, allocation, appropriation and use of funds obtained from the taxes levied under this Section.

(C) The taxes levied under this Chapter 1905 shall be levied in accordance with the provisions and limitations set forth in Chapter 718 of the Ohio Revised Code to the fullest extent required for the Municipality to continue to levy those taxes. The required provisions and limitations of Chapter 718 of the Ohio Revised Code are hereby incorporated into this Chapter 1905, and those required provisions or limitations of Chapter 718 of the Ohio Revised Code shall control to the extent there is a conflict between a provision or limitation of this Chapter 1905 and an express provision or limitation of Chapter 718 of the Ohio Revised Code.

(D) As used herein, all references in this Chapter 1905 to provisions or limitations of Chapter 718 of the Ohio Revised Code and to any Section of that Chapter 718 shall include those provisions or limitations of that Chapter or Section as in effect on January 1, 2016, of any successor statute, and of any subsequent amendment to that Chapter or Section or a successor statute in effect from time to time to the fullest possible extent required for the Municipality to continue to levy the taxes specified under this Chapter 1905. All references in this Chapter 1905 to "ORC" are to the Ohio Revised Code."

be and is hereby amended to read as follows:

"1905.01 Declaration of Purposes and Levying of Certain Taxes.

(A) There shall be and are hereby levied the following annual taxes on the income of every person residing in or earning or receiving income in the Municipality, as measured by each such person's municipal taxable income, all as hereafter provided in this Chapter:

(1) To provide funds for general municipal operations, maintenance, new equipment and capital improvements of the City, a tax on municipal taxable income at a uniform rate of one percent (1.00%) per year.

(2) To provide funds one-half (½) of which shall be allocated to the General Fund for

wage and salary increases and services and one-half ($\frac{1}{2}$) of which shall be allocated to the Capital Improvements Fund, as provided in Ordinance No. 605-66, passed by the Council of the City of Toledo on August 1, 1966, and approved by the City's voters at an election on November 8, 1966, a tax on municipal taxable income at a uniform rate of one-half percent (0.50%) per year.

(3) During the period commencing January 1, 2025 and ending December 31, 2028, a tax on municipal taxable income at a uniform rate of three-quarters percent ($\frac{3}{4}\%$) to provide funds one-third ($\frac{1}{3}$) of which shall be allocated to the General Fund for Police, Fire and other Safety Department responsibilities, one-third ($\frac{1}{3}$) of which shall be allocated to the General Fund, and one-third ($\frac{1}{3}$) of which shall be allocated to the Capital Improvements Fund; provided, however, that the Council, upon its determination of financial need, may, at the request of the Mayor, cause any unencumbered funds allocated as provided herein to the Capital Improvements Fund to remain in the General Fund or to be transferred back to the General Fund and to be appropriated and used for any purpose set forth in division (D) of Section 1905.14.

(B) Consistently with the provisions of division (A) of this Section, there shall be levied and imposed upon the municipal taxable income of every person residing in or earning or receiving income in the Municipality an aggregate annual income tax as follows: (1) for the period commencing January 1, 2025 and ending December 31, 2028, a tax at a uniform rate equal to the sum of (a) 2.25% per year for the purposes specified in division (A)(1), (2) and (3) of this Section plus (b) the rate per year of any additional tax levied for a purpose set forth in an ordinance approved by the electors of the City and this Council and specified in another Section of this Chapter; and (2) thereafter, unless a separate ordinance providing for a different rate or rates is approved by the electors of the City and this Council or otherwise passed in accordance with law, a tax at a uniform rate equal to the sum of (a) 1.50% per year tax for the purposes specified in the division (A)(1) and (2) of this Section plus (b) the rate per year of any additional tax levied for a purpose set forth in an ordinance approved by the electors of the City and this Council and specified in another Section of this Chapter. The provisions of division (A) of this Section 1905.01 and of Section 1905.14 shall govern the crediting, allocation, appropriation and use of funds obtained from the taxes levied under this Section.

(C) The taxes levied under this Chapter 1905 shall be levied in accordance with the provisions and limitations set forth in Chapter 718 of the Ohio Revised Code to the fullest extent required for the Municipality to continue to levy those taxes. The required provisions and limitations of Chapter 718 of the Ohio Revised Code are hereby incorporated into this Chapter 1905, and those required provisions or limitations of Chapter 718 of the Ohio Revised Code shall control to the extent there is a conflict between a provision or limitation of this Chapter 1905 and an express provision or limitation of Chapter 718 of the Ohio Revised Code.

(D) As used herein, all references in this Chapter 1905 to provisions or limitations of Chapter 718 of the Ohio Revised Code and to any Section of that Chapter 718 shall include those provisions or limitations of that Chapter or Section as in effect on January 1, 2016, of any successor statute, and of any subsequent amendment to that Chapter or Section or a successor statute in effect from time to time to the fullest possible extent required for the Municipality to continue to levy the taxes specified under this Chapter 1905. All references in this Chapter 1905 to "ORC" are to the Ohio Revised Code."

SECTION 2. That Section 1905.14 of the Toledo Municipal Code, as presently written, to wit:

“1905.14 Allocation of funds.

The funds collected under the provisions of Section 1905.01 shall be credited to the General Fund and applied for the following purposes and in the following order:

(A) Administration. Such part thereof as shall be necessary to defray all costs of collecting all income taxes levied and the cost of administering and enforcing the provisions of this Chapter 1905 shall be appropriated by Council to the Income Tax Division.

(B) Allocation of One-Half Percent ($\frac{1}{2}\%$) Tax Increase. One-half ($\frac{1}{2}$) of the increase in funds resulting from the increase of one-half percent ($\frac{1}{2}\%$) in the City's income tax, as provided in Ordinance No. 605-66, passed by the Council of the Municipality on August 1, 1966, and approved by the City's electors on November 8, 1966, shall remain in the General Fund for wage and salary increases and services, and one-half ($\frac{1}{2}$) shall be allocated to the Capital Improvements Fund.

(C) Allocation of Three-Quarters Percent ($\frac{3}{4}\%$) Tax Increase. Commencing January 1, 2021 and continuing until December 31, 2024, one-third ($\frac{1}{3}$) of the increase in funds resulting from the continuation (by Ordinance No. 281-20, which was approved by the City's electorate on November 3, 2020) of the prior increase of three-quarters percent ($\frac{3}{4}\%$) in the City's income tax, as originally provided in Ordinance No. 157-82, passed by the Council of the Municipality on March 16, 1982, and approved by the City's electorate on June 8, 1982, shall remain in the General Fund for Police, Fire and other Safety Department responsibilities, one-third ($\frac{1}{3}$) of said increase shall remain in the General Fund, and one-third ($\frac{1}{3}$) of said increase shall be allocated to the Capital Improvements Fund; provided, however, that the Council, upon its determination of financial need, may, at the request of the Mayor, cause any unencumbered funds allocated as provided in this division (C) to the Capital Improvements Fund to remain in the General Fund or to be transferred back to the General Fund and to be appropriated and used for any purpose set forth in division (D) of this Section.

(D) General Fund. The balance of funds resulting from the City's municipal income taxes remaining in the General Fund shall be available for appropriation, as deemed necessary by the Council of the Municipality, for the following purposes: general municipal operations, including but not limited to, municipal services, maintenance, and acquisition of equipment and/or appropriation to the Capital Improvements Fund for the purposes specified in division (E) of this Section. Provided, however, funds shall be appropriated for police and fire uniform personnel in an amount equal to the 1981 personnel appropriations, plus additional funds equal to one-third ($\frac{1}{3}$) of the increase resulting from the three-quarters percent ($\frac{3}{4}\%$) increase in the payroll income tax, shall be used for Police, Fire and other Safety Department responsibilities.

(E) Capital Improvements Fund. Funds allocated to the Capital Improvements Fund under divisions (B) and (C) of this Section and funds appropriated under division (D) of this Section to the Capital Improvements Fund shall be utilized for the purposes of construction and acquisition of capital improvements and costs incidental thereto.

From the Capital Improvements Funds, there shall be appropriated each year into the General Obligation Debt Service Fund such sum or sums as may be required to meet principal

and interest charges on indebtedness for capital improvements and urban renewal.

For the purposes of this Chapter, "capital improvement" shall be defined as the original construction and/or purchase of any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and including reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more. Reconstruction as used herein does not include repair."

be and the same is hereby amended to read as follows:

"1905.14 Allocation of funds.

The funds collected under the provisions of Section 1905.01 shall be credited to the General Fund and applied for the following purposes and in the following order:

(A) Administration. Such part thereof as shall be necessary to defray all costs of collecting all income taxes levied and the cost of administering and enforcing the provisions of this Chapter 1905 shall be appropriated by Council to the Income Tax Division.

(B) Allocation of One-Half Percent ($\frac{1}{2}\%$) Tax Increase. One-half ($\frac{1}{2}$) of the increase in funds resulting from the increase of one-half percent ($\frac{1}{2}\%$) in the City's income tax, as provided in Ordinance No. 605-66, passed by the Council of the Municipality on August 1, 1966, and approved by the City's electors on November 8, 1966, shall remain in the General Fund for wage and salary increases and services, and one-half ($\frac{1}{2}$) shall be allocated to the Capital Improvements Fund.

(C) Allocation of Three-Quarters Percent ($\frac{3}{4}\%$) Tax Increase. Commencing January 1, 2025 and continuing until December 31, 2028, one-third ($\frac{1}{3}$) of the increase in funds resulting from the continuation (by Ordinance No. 640-23, which was approved by the City's electorate on March 19, 2024) of the prior increase of three-quarters percent ($\frac{3}{4}\%$) in the City's income tax, as originally provided in Ordinance No. 157-82, passed by the Council of the Municipality on March 16, 1982, and approved by the City's electorate on June 8, 1982, shall remain in the General Fund for Police, Fire and other Safety Department responsibilities, one-third ($\frac{1}{3}$) of said increase shall remain in the General Fund, and one-third ($\frac{1}{3}$) of said increase shall be allocated to the Capital Improvements Fund; provided, however, that the Council, upon its determination of financial need, may, at the request of the Mayor, cause any unencumbered funds allocated as provided in this division (C) to the Capital Improvements Fund to remain in the General Fund or to be transferred back to the General Fund and to be appropriated and used for any purpose set forth in division (D) of this Section.

(D) General Fund. The balance of funds resulting from the City's municipal income taxes remaining in the General Fund shall be available for appropriation, as deemed necessary by the Council of the Municipality, for the following purposes: general municipal operations, including but not limited to, municipal services, maintenance, and acquisition of equipment and/or appropriation to the Capital Improvements Fund for the purposes specified in division (E) of this Section. Provided, however, funds shall be appropriated for police and fire uniform personnel in an amount equal to the 1981 personnel appropriations, plus additional funds equal to one-third ($\frac{1}{3}$) of the increase resulting from the three-quarters percent ($\frac{3}{4}\%$) increase in the payroll income tax, shall be used for Police, Fire and other Safety Department responsibilities.

(E) Capital Improvements Fund. Funds allocated to the Capital Improvements Fund under divisions (B) and (C) of this Section and funds appropriated under division (D) of this Section to the Capital Improvements Fund shall be utilized for the purposes of construction and acquisition of capital improvements and costs incidental thereto.

From the Capital Improvements Funds, there shall be appropriated each year into the General Obligation Debt Service Fund such sum or sums as may be required to meet principal and interest charges on indebtedness for capital improvements and urban renewal.

For the purposes of this Chapter, "capital improvement" shall be defined as the original construction and/or purchase of any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and including reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more. Reconstruction as used herein does not include repair."

SECTION 3. That effective January 1, 2025, Sections 1905.01 and 1905.14 of the Toledo Municipal Code, as they have heretofore existed, be and the same are hereby repealed. Provided, however, that no provision of this Ordinance, including the repeal of Sections 1905.01 and 1905.14 of the Toledo Municipal Code, as they have heretofore existed, shall in any way affect any rights or obligations of the City, any taxpayer, or any other person, official or entity, with respect to the 2.25% municipal income tax levied and imposed by Chapter 1905 of the Toledo Municipal Code, as it has heretofore existed and shall remain in effect until January 1, 2025.

SECTION 4. The Council finds and determines that all formal actions of this Council and of any of its committees concerning and relating to the passage of this Ordinance were taken, and all deliberations of this Council and of any of its committees that resulted in such formal action were held, in meetings open to the public, in compliance with the law, including as applicable Section 121.22 of the Ohio Revised Code and Am. Sub. H.B. 197.

SECTION 5. That this Ordinance shall be in full force and effect from and after January 1, 2025.

SECTION 3. That it is the desire and request of this Council that the ballot language presented to the electors of the City for said question shall be substantially in the following form:

A Majority Affirmative Vote is Necessary for Passage.

Shall the ordinance (Ordinance No. 640-23) providing for a continuation of the City's existing temporary three-quarters percent (¾%) levy on income for the period commencing on January 1, 2025 and ending December 31, 2028, for the proceeds of that levy to continue to be allocated as follows: one-third (1/3) to the General Fund for police, fire and other Safety Department responsibilities, one-third (1/3) to the General Fund, and one-third (1/3) to the Capital Improvements Fund, and for the City Council to continue to have authority, upon request by the Mayor, to reallocate proceeds from the Capital Improvements Fund to the General Fund to address financial needs, which tax shall continue to be in addition to all of the City's other levies on income, be passed?

_____ For the Income Tax

_____ Against the Income Tax

SECTION 4. That the Clerk of Council be and he is hereby authorized and directed to file a certified copy of this Resolution with the Board of Elections of Lucas County, Ohio, before 4:00 pm on December 20, 2023.

SECTION 5. That this Council finds and determines that all formal actions of this Council and of any of its committees concerning and relating to the adoption of this Resolution were taken, and that all deliberations of this Council and of any of its committees that resulted in those formal actions were held, in meetings open to the public, in compliance with the law, including as applicable Section 121.22 of the Ohio Revised Code and Am. Sub. H.B. 197.

SECTION 6. That this Resolution hereby is declared to be an emergency measure and shall be in force and effect from and after its adoption. The reason for the emergency lies in the fact that same is necessary for the immediate preservation of the public peace, health, safety, and property and for the further reason that this Resolution must be immediately effective in order to comply with the statutory deadline for submission of the question to the electors at an election on March 19, 2024.

Vote on emergency clause: yeas 10, nays 0.

Adopted: December 5, 2023, as an emergency measure: yeas 10, nays 0.

Attest:

Gerald E. Dendinger
Clerk of Council

Matt Cherry
President of Council

Approved:

December 5, 2023
Wade Kapszukiewicz
Mayor