

## ***FAQ – Frequently Asked Questions***

### **What City issue is on the November 2020 ballot?**

A proposed 1% income tax that, if approved by the electors, would become effective January 1, 2022. If approved, it allows a voted 3.4 Mill Street Levy to expire effective December 31, 2021.

### **Why is the City placing this on the ballot?**

To reduce city property tax burden for residents, property tax dependency for city services and to change the method in which city services, capital improvements and infrastructure are funded.

### **Who gets a city property tax reduction?**

100% of city property owners will see a city property tax reduction with the expiration of the voted 3.4 Mill Street Levy set to expire at the end of 2021. The expiration of the voted 3.4 Mills Street Levy represents a total reduction of 21.4% in city property tax revenues. This is a property tax reduction of about \$101.46 per \$100k of home value per year.

### **Who pays?**

- Persons who work in the City of Beavercreek. An estimated 75% of workers in Beavercreek are non-residents.
- Persons who live in the City and work somewhere without an income tax (or an income tax less than 1%), including those who work at WPAFB, in Townships, Incorporated counties, Bellbrook, etc.
- Businesses whose profits are generated in the City of Beavercreek, this includes rental income.

### **Will civilian base employees who live in Beavercreek pay the income tax?**

Yes. The Ohio Revised Code requires that you pay income tax where you work first then where you live. Since the base is Federal land, civilian employees who work on the base will pay where they live if there is an income tax. Active military pay is exempt from the income tax.

### **Who doesn't pay?**

Beavercreek residents already paying an income tax equal to or greater than 1% where they work will receive 100% credit and will not pay Beavercreek's income tax. Residents who made less than \$1,000 annually. Those receiving retirement income, social security and other types of exempted income (see below) will also not pay Beavercreek's income tax.

### **What type of income is exempt from the income tax?**

Exempted income includes retirement income, pension income, social security benefits, active duty military pay, intangible income; dividends, interest, dividends, capital gains, alimony and child support, and unemployment compensation.

### **How does this impact me?**

A calculator can be found on the City's website by clicking [HERE](#). The calculator enables residents to see the impact of the proposed income tax for individual circumstances starting in 2022. Some will see a tax increase and some will see a tax decrease, depending on individual circumstances.

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### ***Can City Council increase the income tax without voter approval?***

No. The City Charter and the Ohio Revised code requires that residents vote on a change in the rate of income tax.

### ***Will the Income tax increase revenue to the City?***

Yes. The City collects \$4.5 million from the Street Levy that will expire at the end of 2021. It is estimated (before the effects of COVID) that the City will collect \$14 million in the first year of collection of the income tax. The additional revenue will go towards the \$200 million in backlog infrastructure projects and also help to supplement and enhance city services to reduce or eliminate future city property tax levies.

### ***Why does the City need an Income tax?***

To reduce property taxes and the City's dependency on property taxes to fund city services. The income tax will shift some costs of services to non-residents working in the City and using city services. Residents currently pay the cost of city services through property taxes. Income tax funding is proposed to replace the largest portion of the street operations revenue that is currently funded by the voted 3.4 Mill Street Levy that will expire at the end of 2021.

### ***What guarantee do residents have that the voted 3.4 Mill Street Levy will be allowed to expire?***

The ballot language includes that the passage of the income tax would require the expiration of the voted 3.4 Mill Street Levy effective December 31, 2021 and cannot be renewed. Per the Ohio Revised Code, property tax levies require voter approval.

### ***What happens if the income tax passes?***

The voted 3.4 mill Street Levy will expire and income taxes will start to be collected effective January 1, 2022. The revenue will be used for general municipal operations, maintenance, equipment, municipal services and facilities, infrastructure, and capital improvements in the City of Beavercreek.

### ***What are you going to spend the money on?***

The first portion of the income tax will be used to replace the operations and capital projects in the Street Department that was previously funded by the expiring voted 3.4 Mill Street Levy. Then the focus will be to address current unmet operational, capital needs.

### ***What happens without an income tax?***

Property taxes will continue to be the method to fund City Services. Additional actions could be taken by City Council to assist with some of the infrastructure issues. Addressing critical work on the City's infrastructure will continue to be delayed as tax levies are restrictive and do not cover all infrastructure needs. The problems with continuing deferral of these projects means that the infrastructure continues to deteriorate resulting in additional maintenance and increased future costs for these repairs.

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### ***How will the residents provide input into how the funds are utilized in the future?***

The City will continue and expand the open budgetary process allowing public input through various steps of the annual budget and appropriations process. This includes the ability for residents to provide input during the tax budget, budget work sessions, and public hearing for the annual appropriations ordinance.

### ***Will the income tax go to help the Beavercreek School district?***

No. The City and the School District are separate and distinct political subdivisions, each with separate funding sources/levies. The money generated from the proposed income tax will only go to the City of Beavercreek. By having an income tax, the City will be avoiding property tax levies, therefore not being on the ballot for future property tax levies, competing for property tax levy funding with the schools, the township, the county and other special districts.

### ***If I live in Beavercreek Township will I pay the City of Beavercreek Income tax?***

No, unless you work in the City of Beavercreek.

### ***Why wasn't sales tax considered instead of taxing income?***

Sales tax can only be collected by the County and not the City per the Ohio Revised Code.

### ***If you still have questions, where can you go or who can you contact to obtain more information?***

You can send your questions to [incometax@beavercreekohio.gov](mailto:incometax@beavercreekohio.gov) or you can contact Bill Kucera, Financial Administrative Services Director at (937) 427-5511.