

**CITY OF FRANKLIN**

1 Benjamin Franklin Way

Franklin, OH 45005

(937) 746-9921

September 27, 2010

To: All City of Franklin Residents  
From: James Lukas, City Manager

Dear Fellow City Residents,

Back in July, I sent you a letter regarding the upcoming November 2, 2010 income tax levy. Since then, I've received numerous phone calls regarding the levy – the City's newsletter last month had the answers to several questions that were being asked. This letter will summarize key points regarding questions that have been asked within the last month.

**Retirees and those who are unemployed will not be impacted by the City's income tax levy.**

We understand that retirees and unemployed individuals are being impacted by today's economic situation. Unlike a property tax, which would impact all Franklin property owners, the City's income tax will impact a very small number of you. This was one of the reasons why the City chose to proceed with an income tax proposal rather than a property tax initiative. With an income tax, only earned income is taxed. Traditional retirement income from pensions, social security, investments and interest are not subject to local income tax in Franklin. As a result, retirees living on a fixed income and those who may be unemployed due to today's economy would be unaffected by this rate increase.

**The City estimates that the vast majority of people – over 70% -- paying Franklin's income tax are those that live in other communities.**

The City is fortunate to have a strong industrial base employing many individuals who live outside our community – those are the people who will primarily be impacted with this income tax increase. Unless you work in the City, many of you will not need to pay additional income taxes with this levy. Since the City's rate hasn't increased since 1975, many cities in our region already have the same or larger income tax rate than what Franklin is proposing and the City provides a full credit for local income tax, up to our rate. Bottom line -- the majority of City residents will not be impacted at all by this levy, but all residents will benefit.

**The City's General Fund relies heavily on income taxes – typically 70-75% of revenue – and not property taxes.**

I have received several questions regarding property taxes. **The large majority of property tax dollars – nearly 90% -- does not come to the City of Franklin. Per the County Auditor, the City only receives 11 cents of every property tax dollar.** Many people believe that the City receives more property tax dollars than we actually do. For example, if I pay \$1,573.70 per year, only \$174.02 goes to the City of Franklin. The balance -- \$1,399.68 – goes to other entities as follows: \$1,024.92 (65%) to the School System; \$172.40 (11%) to the County; \$101.68 (6.5%) to Special Districts like JEMS and the Library; \$70.70 (4.5%) to JVS; and \$29.98 (2%) to the Township. The small amount of property tax

revenue that the City receives is one of the reasons why the City's income tax is so important to the services that are provided to residents.

**If the levy passes, we would like to restore many of the services and programs that have already been cut.**

Without the levy, the City will need to consider severe service cuts in the near future -- for example, reductions in winter snow plowing/salting; police and fire staffing (and thereby, response times); pool closure; leaf pick-up program; residential street-paving and infrastructure maintenance; park maintenance; property maintenance/high grass enforcement efforts; special events; office hours; and further personnel cuts will all need to be considered.

With the levy, staff would like to proceed with the following:

**Restore Police Staffing:** Due to the City's financial crisis, the police department has been operating at reduced staffing levels which necessitated, for example, the elimination of the Drug Task Force Officer. We need to restore officer staffing to its prior levels to better address the increasing drug issues in our community while still responding to calls as soon as possible.

**Residential Street Paving Program:** The City's budgetary issues have caused the cancellation of residential street paving during the last five years. As other communities have discovered, as streets deteriorate, the cost to replace them becomes excessive. We do not want to be in the position that other area cities are in with crumbling streets.

**Infrastructure Projects:** In addition to reducing the amount of residential street paving, in the past several years, the City has had to postpone or cancel several other infrastructure projects -- which we have been awarded grant money for -- because we have been unable to meet the required local financial share (averaging about 40-50%) of the total project cost. Without additional levy funds, our infrastructure (main roadways, water/sewer lines) will continue to deteriorate, costing much higher amounts to replace in the future.

**Parks and Recreation:** The City's parks are a jewel for our community. Without additional funds, we will not be able to maintain the parks at current levels.

**Vehicle & Equipment Maintenance:** This program needs to be restored to past levels in order to assure that the Police, Fire, and Public Works vehicles and equipment are maintained at the highest levels of functionality. Public Safety is impacted by inadequate vehicles and equipment.

For further information and a complete list of recommendations, please see the City's PowerPoint presentation regarding the levy at [www.franklinohio.org](http://www.franklinohio.org) under "Income Tax Levy Information." You will notice from reviewing the above that, with this levy, the City is simply hoping to restore many of the amenities that we have provided to our residents in the past without the need for additional service cuts that will have an impact on our community.

For residents who would like more information regarding the levy, please contact me at 937-746-9921 or [jlukas@franklinohio.org](mailto:jlukas@franklinohio.org). You can also attend one of three meetings – **October 13, October 20, or October 27** – at the Fire Department from 5:30 p.m. to 6:30 p.m.

Sincerely,

James Lukas, City Manager