



TOP 4 INCOME TAX ISSUE
QUESTIONS: ANSWERED

Last month you received a letter from the City Manager containing specific information about the City's upcoming proposed $\frac{1}{2}$ of one percent income tax increase on the November 2, 2010 ballot - the letter can be viewed on the City's website (flip to the back of this page to find out how).


Mr. Lukas would like to thank everyone who has contacted him regarding the levy. He has received numerous questions with the following four being the most often asked.

 **I am retired and living on a fixed income - how will the City's income tax levy impact me?**

This has been the number one asked question. Retirees will not be affected by an income tax increase. Only earned income is taxed; therefore, traditional retirement income from pensions, Social Security, investments and interest are not subject to local income tax in Franklin.

 **I live in Franklin, but work in Dayton. Doesn't the City of Dayton send some of my income tax payment back to the City of Franklin since that is where I live?**

No. That is a popular myth about income taxes in Ohio, but it does not occur. When you pay income taxes to the City where you work, the City of Franklin does not receive any of that money. Regarding this specific question, the City of Dayton does not send any of your payment to us. Further, our income tax increase will not impact you at all because you work in a community that has a rate equal to or higher than 2%. Dayton currently has an income tax rate of 2.25%, which is higher than what we are proposing; therefore, because we provide a full credit to our residents, you will continue to pay the City of Dayton 2.25% and you won't owe Franklin anything additional.

 **The Franklin School System is proposing a property tax levy to build a new high school - I would like to support both, but don't know if I can afford it. How should I look at these two issues?**

These issues are apples and oranges in comparison. A quality school system and financially-secure City are both key parts to a successful community. Fortunately, the two ballot issues focus on different sources of revenue. The school system is proposing a property tax levy, which will affect all Franklin property owners. The City, however, is proposing an income tax levy, which is estimated to only affect about 30% of Franklin residents and will not impact retirees, as explained above.

The City's income tax levy is not focused on property owners - rather, it would impact the small number of residents who either work in the City or work in another community that has an income tax rate lower than 2%. As explained last month, the likelihood that the income tax levy will impact you is slim, as most of the City's income taxes (estimated at more than 70%) are paid by those who live outside our City, but work here. Therefore, there is only a small likelihood that the City's proposed income tax levy will financially impact you. **(Continued on Reverse)**

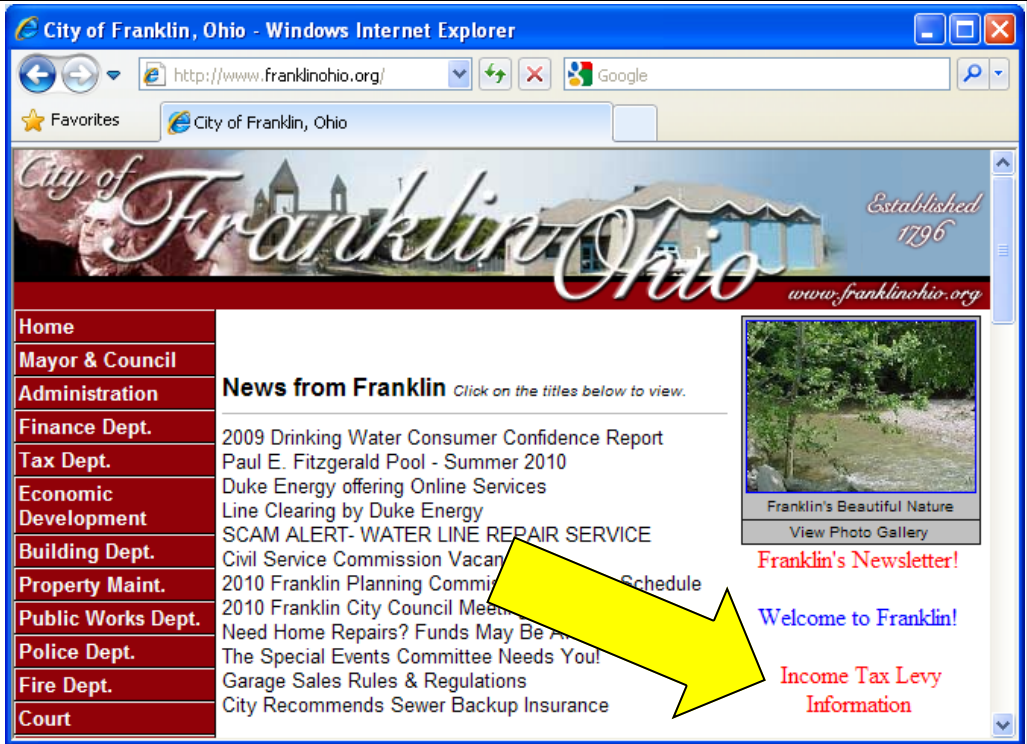
LOOKING FOR MORE INFORMATION ABOUT THE LEVY?

The City's website has been updated to provide much of the information that you may need.

Look on the right hand side of our homepage and click the link titled "Income Tax Levy Information" located just below the home page photo as indicated by the arrow.

Or, call Jim Lukas, the City Manager, at 937-746-9921 or simply e-mail him at jlukas@franklinohio.org.

WWW.FRANKLINOHIO.ORG



(Continued From The Front)



I haven't seen a lot of service cuts so why the need now for an income tax increase?

For the last several years, the City has been proactive regarding its financial crisis with many mandated changes impacting City employees (e.g., reduction in health care benefits; increased employee contribution to health care) and other budget reduction efforts (e.g., eliminating or not replacing numerous City positions, including two police officers; cancelling residential street-paving and other infrastructure projects). For a complete list of the cuts that have been made, please visit the City's website at www.franklinohio.org and review the PowerPoint presentation under "Income Tax Levy Information."

Information	
Election	November 2, 2010
Request	1/2 of 1%

Unfortunately, these efforts have not been enough and, without a change, the City reserves will soon be depleted. Revenue must be increased or significant service cuts (e.g., winter plowing and salting; police and fire response times; public pool; 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. Franklin has always taken pride in having quality infrastructure - we do not want to be in the position that other cities are with deteriorating streets and other infrastructure. Once at that point, it is very difficult, and costly, to recover.

**Thunder On
The River**

Saturday, October 2 nd

3 pm – 8 pm

Motorcycle show benefiting the Food Pantry.

Live music, food, t-shirt sales and 50/50 drawing.

FallFest

Saturday, October 23

11 am – 9 pm

Great 4th Street Pumpkin Roll, Rides, Food, Games Contests & Lots of Activities for the ENTIRE Family.

***Look For More Info Next Month!**

COME DOWNTOWN AND CELEBRATE THESE TWO NEW TRADITIONS!