

## FAQs on Madeira Earnings Tax Ballot Issue

***What will the money from the earnings tax and credit adjustment fund?*** The ballot language specifically states this money can only be used for Madeira's infrastructure needs such as repaving Madeira's streets, repairing Madeira's streetscape, upgrading Madeira's aging park systems, and updating Madeira's storm water and sewer systems. None of this money can be spent on existing operating expenses or salaries

***How much revenue will this tax increase generate for Madeira?*** We have estimated, based on present tax base information, it will generate approximately \$786,000/year. The corresponding adjustment to the credit would generate another \$190,000/year.

***What will this cost me?*** The total cost to individual tax payers will vary depending on whether they work in Madeira or work elsewhere and whether they already pay another municipality's earnings tax. The 0.25% increase will cost an additional \$125 per \$50,000 annual income for individuals who either work in Madeira or work in a municipality with no earnings tax

***I work in another community and pay earnings tax there. How does the credit adjustment affect me?*** You presently pay 0.1% of your earnings to Madeira in addition to the earnings tax rate in the community where you work. If approved, the credit you receive for paying taxes where you work will be reduced and you will now pay 0.2% to Madeira in addition to the taxes you pay where you work. The .1% adjustment to the earnings tax credit will cost an additional \$50 per \$50,000 annual income for individuals who live in Madeira but pay an earnings tax to another municipality.

***How does this impact seniors on a fixed income?*** Seniors receiving social security will not incur any additional costs. Additionally, income from retirement and investments are not subject to the earnings tax, only wages from employment are affected.

***How are local businesses affected by this?*** Everyone who works in Madeira as an employee of a local business will see the local tax rate increase from 1% to 1.25%. This 0.25% increase will also be applied to net profits from local business.

***I already pay a lot of taxes. Why doesn't the City use that money to do these capital improvements and maintenance projects?*** The City only receives approximately 10% of the property tax revenue. Madeira City Schools receive the majority of the revenue at 70% and Hamilton County levies receives the remaining 20%.

***Doesn't the City already have money "saved"?*** The City maintains approximately a \$1.8 million reserve fund specifically for emergencies, such as natural disasters, and to maintain the City's bond/credit rating. Not only is there not enough money in this fund for these ongoing infrastructure needs, but raiding this reserve would be fiscally irresponsible and put Madeira at a significant economic disadvantage moving forward.

***Why doesn't the City just borrow the funds to do the improvements?*** Borrowing money for infrastructure needs further compounds the problem. In 2008 and 2009, the City rebuilt Kenwood Road. The City used State dollars, two years' worth of City street funds (\$800,000), and borrowed the remaining \$1.2 million to complete the project. The City is still paying on that \$1.2 million loan today, with interest, and the final payment will not be made until 2019. This was for ONE street and no other local City streets were paved in those two years putting us further behind.

***What happens if the Earnings Tax increase doesn't pass?*** Due to the critical nature of these infrastructure needs, City Council will be forced to identify new revenue sources. These could include initiatives such as monthly fees on trash collection or further decreases to the earnings tax credit.