



# CITY OF MADEIRA—EARNINGS TAX ISSUE #16

Madeira City Council has asked the voters to approve a .25% increase to Madeira’s earnings tax with an additional .1% credit adjustment. This increase would raise an additional \$786,000 from the earnings tax and \$190,000 from the credit annually money which can only be reinvested in Madeira’s infrastructure needs such as repaving Madeira’s streets, repairing Madeira’s streetscape, upgrading Madeira’ aging park system, and updating the City’s storm water and sewer systems.

## EARNINGS TAX COST

### Status Report

The most common question that is asked when a tax rate increase is proposed is, “how much will that cost me?” The proposed revision to the Earnings Tax rate and credit is designed to provide funding for the City’s needed capital improvements, while having the least impact as possible on individual’s budgets. Provided below are examples of how wages would be taxed under the current and proposed rates.

The Earnings Tax is applied only to employment wages and net profits. Social Security and other retirement or investment income are not subject to Earnings Tax.

**Current Earnings Tax Cost**

**Work In Madeira**

Annual Salary: \$50,000  
Earnings Tax (1%): \$500

**Total Paid to Madeira: \$500**

**Current Earnings Tax Cost**

**Live In/Work Outside of Madeira**

Annual Salary: \$50,000  
Earnings Tax (1%): \$500  
Madeira Earnings Tax Credit (0.9%): **(\$450)**

**Total Paid to Madeira: \$50**

**Proposed Earnings Tax Cost**

**Work In Madeira**

Annual Salary: \$50,000  
Earnings Tax (1.25%): \$625

**Total Paid to Madeira: \$625**

*Increase of \$125 annually*

**Proposed Earnings Tax Cost**

**Live In/Work Outside of Madeira**

Annual Salary: \$50,000  
Earnings Tax (1.25%): \$625  
Madeira Earnings Tax Credit (1.05%): **(\$525)**

**Total Paid to Madeira: \$100**

*Increase of \$50 annually*

By adjusting the Earnings Tax rate, the City of Madeira seeks to equitably share the costs of capital improvements not only with residents but also with businesses operating in Madeira that benefit from a well-maintained community.

**ISSUE #16 INFORMATION SESSIONS**

**October 11, 2018 at 7:00pm OR October 20, 2018 at 9:00am**

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