

ANSWERS TO SOME QUESTIONS ABOUT THE 2013 INCOME TAX PROPOSAL

1. Q. Which tax will be affected?

- A. - Only the City Income Tax will be affected.
- The Real Estate Tax (Property Tax) will NOT be affected.

2. Q. What type of income will the 2013 Income Tax proposal affect?

- A. - The 2013 Income Tax Proposal will affect:
- Wages, salaries, bonuses, commissions, fees, tips, (information found on W-2)
 - Rents, lottery winnings, possibly others by ordinance
 - Profits from businesses, partnerships, and professions
- The income tax proposal will NOT affect:
- Interest
 - Dividends
 - Pensions
 - Alimony
 - Social Security
 - Poor Relief
 - State unemployment
 - Insurance proceeds

3. Q. What is the exact current and proposed income tax?

A. Currently: 2% Tax Rate 100% Credit 1.1% Credit Limit .90% Owed

(4) Proposals:

Scenario 1	2.25 tax rate	100% Credit	1.35 Credit Limit	.90% Owed
Scenario 2	2.25 tax rate	100% Credit	1.40 Credit Limit	.85% Owed
Scenario 3	2.50 tax rate	100% Credit	1.60 Credit Limit	.90% Owed
Scenario 4	2.50 tax rate	100% Credit	1.70 Credit Limit	.80% Owed

Other tax rates, credit, and credit limits are possible and certainly open to analysis and discussion.

Note: Scenario 3 is more for comparison / discussion purposes. I prefer passing on a reduction of Scenario 2 or 4.

4. Q. What does the 2013 Income Tax Proposal mean?

- A. To the income tax paying residents of Seven Hills: (If credit limit is increased.)
- 85% - 90% of the residents will experience a decrease of 5.5% or 11.1% (estimate).
 - 10% (approximate) of the residents will have an increase. Residents who work in Seven Hills. (estimate)

To the City of Seven Hills:

- The City will have \$215,000 - \$657,000 of additional money annually within any of the four proposals.

5. Q. Where will most of the additional income come from?

- A. The majority of the additional income will be generated from people working in Seven Hills but living outside the City. In other words, the vast majority of the new money will come from non-residents.

The lower our taxes are the more taxes other cities make off of us.

6. Q. Can the City Officials ever raise the tax?

- A. There may be a difference of opinion here. The campaign to change the tax rate to its current amounts stressed that the rate, credit, and credit limit can only be changed by a vote of the people. I believe some current City Officials have said differently.

7. Q. Is a vote of the people necessary to change the tax rate and credit limit?

- A. Yes, based on a previous Secretary of State ruling.

Submitted by Councilman Matt Trafis
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