



The City of Rittman Offices

30 North Main Street
Rittman, Ohio 44270
330-925-2045
www.rittman.com

1. What happened?

For the past 45 years, the City of Rittman has collected a 1.5% municipal income tax from Rittman residents and people who work in Rittman and live elsewhere. In the third quarter of 2022, the City of Rittman identified an issue with its municipal income tax: specifically, that Rittman has been collecting municipal income taxes at the rate of 1.5% when the correct, authorized rate for the last 15 years was 1%.

2. How did it happen?

Well, under Ohio law, municipal income tax rates that exceed 1% must be approved by voters. And in 1977, Rittman voters approved a 1.5% rate for 30 years by authorizing an additional 0.5% income tax that was to expire at the end of 2007. But in 1996, voters approved changes to the City's tax code, which led to an update of the City's codified ordinances. When the new ordinances were published, the end date of the additional 0.5% income tax, December 31, 2007, was inadvertently omitted. Because, it is not unusual for voter approved tax ordinances to have no end date, subsequent city administrations and taxing authorities reasonably continued to collect the 1.5% until now.

3. How was this discovered?

We were researching our tax ordinances in anticipation of asking voters to approve an additional 0.5% tax increase when we discovered the problem.

4. When was this discovered?

The mistake was discovered in the third quarter of 2022. We knew immediately that something had to be done, but we wanted to make sure we didn't compound the problem by acting hastily, without full information. So, we took the time to try to learn exactly what happened and what we could do moving forward. We informed the Ohio Auditor of State and the firm that conducts the annual City audit. We also informed RITA, so that the authorized tax rate could start being applied.

5. What is Rittman doing to fix this?

RITA has agreed that 2022 municipal income taxes for Rittman will be taxed at the authorized 1% rate starting immediately, and Rittman City Council is preparing to pass legislation to that effect.

On Monday, January 23, Rittman City Council will have the first reading of legislation to correct the tax rate and direct RITA to utilize a 1.0% rate to calculate income taxes beginning January 1, 2022. On January 30, City Council will hold a special meeting for a second reading on the legislation. City taxpayers are invited to attend that January 30 meeting, at 7 p.m., at the Recreation Center, 200 Saurer Street, Rittman. We want to hear from you and to answer any questions you may have about refunds.

In addition to passing new legislation to correct the tax rate, we will work with our auditor, finance department and law department to identify best practices and improved internal controls to help guard against this ever happening again.

6. Do I have to do anything to get the lower tax rate?

If you haven't yet filed your 2022 taxes, your Rittman municipal income tax rate will be calculated at 1%, not 1.5%. Simply file your tax returns as usual. You do not have to do anything else.

If you have already paid your municipal income taxes for 2022 at the 1.5% rate, or your employer withheld the tax at the 1.5% rate, you can request a refund by filing a Short Form 10A being developed by RITA for Rittman taxpayers. The form is available at City Hall and on our website (www.rittman.com).

7. I still don't understand what to do. Who can I talk to, or where can I look, to get my questions answered?

There are several places you can call or go to for answers to your questions:

- Call RITA at 1-800-860-7482 or visit their website at www.ritaohio.com
- Call City Hall at 330-925-2045 and press 1 for an automated message with instructions on what to do.
- Call the City and ask for the City Manager or Finance Director at 330-925-2045.
- Visit the City's website at www.rittman.com.

8. Why am I only getting my 2022 taxes at the 1% tax rate? Why can't I get a refund for the excess 0.5% that I paid to Rittman for the past 15 years?

There are legal and practical reasons. Under Ohio law there is a one-year statute of limitations for recovering the payment of an unauthorized income tax, and significant procedural requirements that taxpayers must satisfy to obtain such a refund. The City is passing legislation to make sure that the proper rate is charged for taxpayers who will be filing returns for 2022 income, and to make the process to obtain refunds of unauthorized 2022 income taxes already paid (through withholding or estimates) as easy as possible, in fairness to City taxpayers.

Practically, refunding 15 years' worth of these taxes would bankrupt the City.

9. In dollars, how much is 0.5% of Rittman income tax dollars each year?

As an example, in 2022, the 0.5% Rittman collected in income tax equaled over \$850,000.

10. How do I know that Rittman used the money they collected for proper purposes?

The money collected through municipal income taxes, going back to 1977 when the 1.5% rate started and even earlier, has gone to one place and one place only: paying for city services provided by our Police, Fire/EMS, Public Health, Parks, Recreation, Administration, Finance, Legal and Cemetery departments, street services and much more.

We know this because we are audited by the state every year to ensure tax money is spent properly and that our internal controls meet state standards and best practices.

11. If the 1.5% tax that was collected by Rittman for the past 45 years was going to essential services, and now Rittman is going to be collecting 1%, what is going to happen to our essential services? Will they be reduced or eliminated?

Maybe. The City's finances have been tight and will now be even tighter. For the past 45 years, Rittman has collected a 1.5% income tax to pay for its essential services. We will need to study how to make our budget work without the additional 0.5% income tax. While you may rest assured that the safety of the people who live, work and visit here will remain our top priority, you should be aware that we may have to consider cutbacks in the services identified. This is a simple fiscal reality. So, we need to have a community-wide discussion as soon as possible about returning to at least the 1.5% rate that municipal income taxpayers paid for the past 45 years.