

**CITY OF PATASKALA, OHIO
PROPOSED INCOME TAX CODE CHANGES**

The City of Pataskala is currently in the process of placing a ballot issue on the November 2, 2021 general election which would increase the city's municipal income tax rate. The current rate paid by residents and individuals employed by organizations located in Pataskala is 1.0% with no credit given for other municipal income taxes paid. If approved by the voters, the rate would increase to 1.50% with a 25% refundable credit given for the lesser of: (1) the city's income tax rate; or (2) the rate paid to other municipalities outside Pataskala corporate limits. The rate paid by residents through payroll withholding or quarterly estimated tax filings would be based upon the 1.50% rate. The credit would be applied at the point in time the resident's municipal income tax return is filed in the following year (on or before April 15). In order to claim the refundable credit, residents must also complete and file a Form 10A and submit it to the Regional Income Tax Agency (RITA) when the annual tax return (Form 37) is filed.

We have prepared a number of scenarios to assist residents in better understanding the proposed changes and how they might be impacted.

Scenario #1: Pataskala resident works in Pataskala (1.5% tax rate) and has a taxable earned income of \$50,000.

Pataskala tax liability (1.5%)	\$750.00	
Less resident credit (0%)	<u>0.00</u>	
Net Local Income Taxes Paid	<u>\$750.00</u>	
Net increase in taxes paid to Pataskala	\$250.00	(50.0% increase)

Scenario #2: Pataskala resident works in Columbus (2.5% tax rate) and has a taxable earned income of \$50,000.

Columbus city taxes withheld (2.5%)	\$1,250.00	
Pataskala tax liability (1.5%)	750.00	
Less resident credit (25% of 1.5%)	<u>(187.50)</u>	
Net Local Income Taxes Paid	<u>\$1,812.50</u>	
Net increase in taxes paid to Pataskala	\$62.50	(12.5% increase)

Scenario #3: Pataskala resident works in Pickerington (1.0% tax rate) and has a taxable earned income of \$50,000.

Pickerington city taxes withheld (1.0%)	\$500.00	
Pataskala tax liability (1.5%)	750.00	
Less resident credit (25% of 1.0%)	<u>(125.00)</u>	
Net Local Income Taxes Paid	<u>\$1,125.00</u>	
Net increase in taxes paid to Pataskala	\$125.00	(25.0% increase)

Scenario #4: Pataskala resident works in Lewis Center (no income taxes assessed) and has a taxable earned income of \$50,000.

Lewis Center city taxes withheld (0%)	\$0.00	
Pataskala tax liability (1.5%)	750.00	
Less resident credit (25% of 0%)	<u>(0.00)</u>	
Net Local Income Taxes Paid	<u>\$750.00</u>	
Net increase in taxes paid to Pataskala	\$250.00	(50.0% increase)