

Q. What is Issue 12?

A. Issue 12 is an amendment to the City of Kettering Charter that would allow City Council to increase the city income tax rate from 1.75 to 2.25.

Q. How much revenue will the increase generate?

A. A one half percent increase in the city's income tax rate would generate approximately 7 to 8 million dollars annually. The additional funds would be allocated to the city's General Fund, or checkbook.

The monies will be used to:

- Eliminate our current deficit
- Replenish General Fund balance
- Fund the Capital Improvement Program (infrastructure) properly
- Continue proactive redevelopment (Hills & Dales, Van Buren, Borden Dairy)
- Fund Public Safety at current level

Q. Why is Issue 12 necessary?

A. If you check the budget figures, you'll note that the City of Kettering General Fund has been operating at a significant annual deficit. Only the existence of a reserve account enabled the City to maintain the level of services Kettering citizens expect and deserve. However, time is running out. The balance in that reserve account has now been reduced to the point where Council will soon have to make dramatic service cuts unless our citizens vote May 2 to maintain service levels. Income Tax revenues fund 68% of the General Fund.

Q. What happens if the increase doesn't pass? Has the City done its part?

A. Without passage of the levy, the City will be forced to initiate more cuts in services and staff. Over the last two years we have reduced our annual expenditures by approximately \$800,000 through staff attrition. We have also cut numerous projects and capital expenditures. Any further reductions in staff and services will be noticeable by our citizens. Reductions will include subsidized programming offered by our Parks, Recreation and Cultural Arts department as well as Public Safety staff and additional cuts in funding to the Capital Improvements Plan.

Q. Who will pay the increase?

A. Residents with earned income. Our income tax is an earnings tax. Tax is paid on wages, self-employment income, rental income and other types of earned income. Pension benefits, Social Security, and investment income such as interest and dividends are not subject to the income tax. Therefore, most senior citizens will not be impacted by the increased tax rate.

Kettering residents who work in Dayton will also not be impacted by the tax. They will continue to pay 2.25% to Dayton and will receive full credit for taxes paid to Dayton on their Kettering tax return.

Kettering residents working in Kettering, will pay an additional \$250 (\$21 per month) in tax if their annual income is \$50,000.

Q. Has the income tax been increased recently?

A. The City of Kettering has not increased the income tax rate since 1981 (**25 years**).

Q. Can't the City cut costs, rather than increase the income tax?

A. It could, but any further cuts will result in a noticeable reduction in service levels. In studying alternatives, Council commissioned an independent survey of Kettering citizens. The poll revealed that Kettering citizens by huge margins value the level of services they receive from the City. In essence, the May 2 vote will be a statement by citizens on whether they want to continue Kettering's high standard of service. The quality of life services offered to Kettering residents and taxpayers are what make Kettering a great place to live, work and play.

Q. How much will I pay?

A. The proposed Charter Amendment will authorize City Council to increase the tax rate from 1.75% to 2.25%. A Kettering resident working in Kettering earning \$50,000 annually will pay an additional \$250 (\$21 per month). Kettering residents working in Dayton will not be impacted by the tax rate increase. They are already paying 2.25% to Dayton, and Kettering gives them full credit for taxes paid to Dayton. Senior Citizens are also not likely to be impacted by the tax since pension and social security benefits, as well as investment earnings, are not subject to the tax.

Q. Is the tax deductible on my Federal income tax return?

A. Absolutely, and that's a very important consideration. If you itemize deductions on your Federal return, the Kettering earnings tax is fully deductible, meaning your "out-of-pocket" cost is reduced significantly.

Q. What about the ballot language? I've heard it's different than other levies.

A. It is, and for a very good reason. Most of the time when you vote on a levy the ballot says "For the levy" or "Against the levy". Issue 12 is different, however, and here's why. Kettering's income tax (unchanged for 25 years) is incorporated as part of the City Charter. As such, to modify the tax rate requires a change in the City Charter. Voters May 2 will actually be voting on a charter change. To support the levy request requires a "Yes" vote.

Q. Who can I call for more information?

A. Please contact the City Manager's Office at 296-2412.

Q. When does the increase tax rate become effective?

A. It is the hope of City Council for the increase to become effective January 1, 2007. However, the TEL Amendment, proposed for the November election, may alter that course. For more information about this, please call the City Manager's office.