

RECORD OF PROCEEDINGS

Minutes of

Meeting

GOVERNMENT FORMS & SUPPLIES 844-224-3338 FORM NO. 10148

Held

20

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SPECIAL MEETING

March 1, 2022

Mayor Timothy N. Tarbet called the Special Meeting to order at 6:00 PM.

Guests: Brian Thunberg, Dawn Kuznik (RITA), Patti Willoughby & Aaron Stoller.

Motion to excuse Councilman Kishman was made by Councilman Boldizar seconded by Councilman Meadows. All voted yea.

Mayor Tarbet stated the village we are in the process of reviewing and talking with a group called RITA (Regional Income Tax Agency). We are looking at possibly having RITA take over and operate our Income Tax Department. There are several municipalities in the area that have chosen to move forward with RITA.

Mr. Turske stated the village income tax administrator left employment about a month ago, and we are in the process of trying to find a new income tax collection agency. RITA is a service that Malvern, Carrollton, Orrville and numerous other municipalities have chosen to adopt. Council and myself will be asking questions to Brian that we think the residents may have. If a resident has other questions, please contact village hall. We have two more council meetings taking place, so if you have concerns you will be able to attend those. We encourage you to bring in your questions.

Mr. Turske introduced Brian Thunberg and Dawn Kuznik, representing RITA (Regional Income Tax Agency).

Mr. Thunberg stated we are the Regional Income Tax Agency. RITA is a non-profit organization protected under ORC 167. We are a non-profit government entity. RITA does not make any money we are not for profit. The reason I bring that up, it is important to let the tax payers know. RITA is an organization that works with municipalities for the collection of taxes. From large to very small. We appreciate that the Village of Minerva is considering partnering with RITA. We administer over 360 member municipalities and JEDD's in 78 Ohio counties. Each member municipality has one representative and one vote on all matters involving RCOG (Regional Council of Governments). RCOG is managed by a 9-member Board of Trustees, each serving three-year staggered terms along with an executive director that oversees day to day operations. Each municipality retains its right to administer and enforce its own income tax laws concurrently with the Board. RCOG formed RITA to administer income tax laws/ordinances of member municipalities. There is no RITA Tax, people think there is a RITA Tax there is only will full income tax. RITA covers approximately 50% of Ohio municipalities that have an income tax. Currently processing approximately \$1.9 billion in annual tax collections (2021). RITA office locations are located in Brecksville, Worthington, Youngstown, Cleveland Heights & Xenia.

The municipal income tax that RITA administers belong to each of the Ohio cities and the villages that have joined RITA. The income tax is created by the laws of each municipality, and RITA administers these taxes on their behalf.

Ohio Income Tax Structure-Individuals always owe municipal income tax to the municipality where they work (this is called "work place tax"), but they may or may not owe income tax to the municipality where they live (this is called "residence Tax"). Most individuals have the tax owed where they work automatically withheld by their employer. The Ohio municipality where you live has the right to determine whether to grant a "credit" to its residents who pay income taxes to other municipalities. The "residence tax credit" reduces the income tax residents owe to the city or village where they live when they earn their taxable income in another municipality. RITA provides a Tax Rate table that indicates for every RITA member whether, and to what extent, that member provides a "residence tax credit" for its residents. Some individuals that owe "residence tax" will also have that withheld automatically by their employer (employers are usually not required to do this, but may do so as a courtesy to their employees). Other individuals may have to make estimated payments of their residence taxes each year. Of course, if an individual lives and works in the same municipality, the "residence tax credit" is not needed. Residents in these situations only owe tax to one municipality-the one in which they both live and earn their taxable income. RITA is affiliated with many software partners and resources. If this is approved by Council this will be the last filing season you would have to file directly with the Village of Minerva. After this year, you would have the ability to go on line and create a my-account, pay estimated payments, we can also extend payment plans to you. We are working with you as a partner with the Village of Minerva. If you are on an extension this year, you can go to your preparer and RITA partners with about 12 different software companies that will file your Federal, State and now your local return all at one time. The effective date will be either July or August, 2022. As a resident you can file your taxes seven days a week 24 hours a day throughout the entire year.

Customer Service: Staffing RITA has 200 agents in Brecksville, Worthington, Youngstown. Servicing taxpayers in person, on the phone, by fax and through our website via secure email or service requests. Contacting RITA: Access our IVA (interactive voice response) 24\7-refund, estimates, payment information. Need to talk to an

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20

agent. Enter your account number or social security number. Screen will pop with taxpayer's account information. Taxpayer's correspondence is imaged for quick reference. Account is documented with notes relating to the call. The call is recorded for quality and security. The taxpayer can choose to complete a survey at the end of the call. Taxpayers are able to send secure e-mail or service requests through our website's "MyAccount". Dawn stated the average hold time for assistance is less than 5 minutes. A tax payer may not understand the outcome of their filing, but our staff are highly trained and by the end of the conversation whether they like the answer or not the taxpayer will have a complete understanding the reason they owe. Our job is to educate the general public and make sure they understand why they are receiving a billing statement or assessed a penalty.

MyAccount-Online Services offers: create your account-efile your taxes, check refunds, view payment history, send secure messages, make payments, update account profile, change your estimate, change your address. Extended hours have just been announced. Monday - Friday 8 am - 7 PM Saturdays 9-12 noon.

Why do municipalities partner with RITA? Increased service levels: electronic filing & payment, modernized E-File (MeF), MyAccount (estimate payments, refund status, service requests) 24/7 (interactive voice response)

Increased Collections: Municipalities that join the regional Income Tax Agency typically experience an increase in income tax collections as a result of RITA's compliance programs. Compliance Programs (delinquency, subpoena, and legal) Access to IRS Data. Reduced cost. Cost Savings varies depending on your municipality. Our job and responsibility are to make sure the residence is paying their taxes and enforce the ordinance the way it should be. The municipalities do not have the capabilities at no fault of their own to run their tax departments at the level RITA can perform the job.

Brian stated we can increase your service levels, collections and keep it at a very reasonable cost.

Questions:

Mayor Tarbet stated one of his concerns is customer service and the horror stories of waiting on line for a person or answer. What are your standards and acceptable to you when a customer calls in with a question? Dawn stated with a question-our agents go through a bootcamp. They are educated first before they are put on the phone. They are educated with all the municipality tax and how to properly calculate. They are not just thrown on the phone to deal with customers. As far as waiting on hold while we do have the extended hours during tax season, again we have over 200 agents in the State of Ohio. We are ramping up for tax season and this is every year. We have agents that work till 6-7 every night when it gets closer to tax time. We are there every day until 7 o'clock. Saturday hours 9-12 to assist people with everything from passwords to helping them file. Fast file doesn't require password. Form 37 can be daunting so we could furnish them with the address to send their W-2's directly. The calls are recorded and they give customer ID Number we can pull up their account. We can listen to those calls. We pride ourselves on keeping the hold times very low. Less than 5 minutes. We deploy other employees from other departments to make sure the hold times are kept to a minimum. Councilman Boldizar-we have an aging community where we have a lot of people are used to walking in with their documents and a person will help them. A lot of these people do not have the internet or a computers or ways to file on line. So, how can we help them? So, what they can do is, we can provide Minerva with a paper they would fill out their name, address and the documents they have. They could send them directly to RITA. We also could provide a form 37. People could use the blank forms and use the envelope to send them back. Form 37 just needs name and address and attach the forms and mail it in. Very easy. There is no cost for that. We would file the return. Councilman Meadows asked if a residence comes in the last day to file, are there issues with that being considered late. Dawn stated no, because the village has received it in the office on time. The village would have the return and you would send them in to RITA. The village would process it as it were on time with no problem. Mayor Tarbet asked are there penalties if they owe money if turned in on the due date? Dawn stated if they turn their documents in and owe. RITA will send them an out a billing statement this includes any time they submit their forms. They receive one billing statement without penalties or interest. We understand everyone is a tax person, not knowing if they owe or not. So, we will calculate that without the penalty or interest. Councilwoman Jordan asked if a resident owes how do they go about a payment plan. How does that work if it's a large amount? Dawn stated if it's a large amount they would have to call in and speak to a representative that is in our collections department that has specific training in collections and set up a payment plan with that tax payer. Councilwoman Jordan asked if there is a penalty to be on the payment plan. Dawn stated no. Councilman Boldizar asked so what is your cost for a village our size? Mr. Turske asked if he wanted exact numbers. Councilman Boldizar stated I want our taxpayers to understand this is not an exorbitant cost, this is possibly something that will pay for itself through increased collections. I believe it was \$58 thousand Mr. Turske stated I can give the budgetary figures! Councilman Boldizar stated we had a range of \$55-65,000. Mr. Turske stated the amount we are charged by RITA is determined on ...they would withhold 3% each month of collections. At the end of the fiscal year which is December. Mr. Turske asked Brian when the true up happens? Brian stated we go through the actual calculations. Brian stated how RITA works is we retain that 3% throughout the course of the year. At the end of the year, we do an actual cost of collections which consists of your

RECORD OF PROCEEDINGS

Minutes of

Meeting

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Held

20

collections versus everyone's collections your transactions verses everybody's transactions which comes up to a percentage and at the end of that will be a percentage of your actual cost of your collections. If memory serves me correctly you had a budget of \$108,000. Mr. Turske stated I have it right here. We normally budget around \$100,000 based on the last year's numbers of collections. Based on the last years collections we would be paying approximately 2.12 - 2.34 percent which equates out to \$58,000 to \$65,000. We are putting in a total budget of \$100,000 each year, which some of that is attributed to refunds, but when you take that off, we are talking about \$80,000 which cost us to run our income tax department. We are going to be going to a unit that could potentially be saving us between \$15 - \$30,000 stated Mr. Turske. Brian stated that is just collections and that does not add on those additional revenues we may find. Those additional revenues come from different resources. RITA also receives information from the Federal Government so our FTI Department receives a couple of data abstracts from the Federal Government which we take that information and bounce it against our tax system. At that point we are trying to find tax payers that didn't know they had to file, a new resident that didn't know to file and taxpayers that are not filing all income they have. The Federal information will identify them as a tax payer and they will be notified! We do give every opportunity for residents to file and pay stated Brian. You are not going to collections and it will not affect your credit report. There are times we have to obtain a judgement. We try to get those payment plans handled in the shortest amount of time. We will communicate with the village on an individual basis for tax payers' payment plans stated Brian. I believe we are very tax payer friendly and we try to give tax payers every opportunity to resolve the process before that happens. Councilman Boldizar what will RITA do for our village in the months of May to December? Brian stated we are busy 12 months out of the year. Right after the filing season starts the delinquency program begins. Brian stated RITA is a full-service agency from registration through litigation. So, we have an entire team to register tax payers, to find new tax payers, to address updates, we work directly with the United States Post Office on electronic transfers of address changes which we receive daily. This is a year-round process. Also, there are tax payers that are on federal extension and we won't receive their returns until October. Our tax season goes on all year long!

Aaron asked if it offered when calling in, can you leave a number and have RITA return your call so you don't have to wait on hold. Brian stated no we do not provide a call back at this time, but however we feel the time the resident does spend on hold is minimal. Brian stated last year the average hold time was 3 minutes and 43 seconds. Aaron asked how will this help the village collect money they are currently not collecting now? Brian stated so, what we are trying to do, again having a tax department in place there is only so much one person can do. No fault of their own there is only 8 hours in a day and 40 hours in a week. We are able to work in the aggregate where we can go through tens of thousands of accounts opposed to one person doing every step. RITA will be doing that all year round for you. Identifying new residents, identifying new tax payers, new revenue, businesses moving out. A lot of auditing is done. There are approximately two hundred steps spent on one return. Brian stated with our FTI Department is...we have had it for about ten years. When we receive those abstracts from the IRS, we take that information and bounce it up against our tax system it is looking for people that have only given us one W2. But, on their federal W2 they had five W2's. This will generate additional revenue. In 2021 just through Federal Income Tax information RITA generated million dollars for all our municipalities. This is tax revenue they would have never been collected. Aaron asked if someone from RITA would be on hand at the village for a village resident will be able to speak with to face to face? Will it all be the phone or computer? Brian stated due to covid that program is on hold right now. We do regional tax payer assistance days, we will select a municipality a few miles radius within others and we would have staff members come down, answer questions, prepare tax returns free of charge for not only that particular municipality but also the surrounding communities as well. Mayor Tarbet asked how successful were those? Brian stated it was 50/50. It depends on the appetite of the community. We only bother the residents that need bothered. Aaron asked will returns and payments be able to be dropped off at the village. Dawn stated yes that is correct. And received on time! Patti stated if the administrator and council agree if we still have someone here that can still do taxes can we assist them with their online account? Absolutely stated Dawn. They could actually enter it for them into our system. Fast file could be used. No W2's need uploaded and or sent in unless requested stated Dawn. After it is checked (audited) it may not pass and then you may need to send them. Brian stated we provide training to every municipality so if you have someone on site, they would be logging into the RITA system, that's something we could talk about later for a specific time. Aaron asked if RITA provides an access point whether it be an iPad or computer inside village hall that only hooks up directly to RITA? Brian stated the City of North Canton tried it, and it didn't work as well as they had anticipated. What the resident could do, they could use the Fast File. Using this you have to enter all information! The security of the internet vs your system vs cyber-attacks. Brian stated we have cyber-attacks every single day into the system. RITA goes through periodic penetration testing where we have outside companies come and try to hack our system. Its neve been done before. We get threats on a daily basis, between 1-2000 threats a day from all over the world. We do have secure email-VPN. Log in process, secure email. The residents could send a secured email. Aaron asked if there is an issue of nonpayment is it handled local or do you use the AG office? Brian-we do not use the AG office. Everything is handled internally by RITA. Aaron asked if the village agreed to this will you upload information from the village current software into your program or is it a start from scratch? It is not a start from scratch, the system you are using SSI Software basically we would along with the assistance from the village we would

RECORD OF PROCEEDINGS

Minutes of

Meeting

GOVERNMENT FORMS & SUPPLIES 844-224-3338 FORM NO. 10148

Held

20

transfer the information to the RITA System through a secure method. 3 years will be converted. We have our conversion team. Data extracts will be current information from the village system. Aaron-what happens to the open accounts upon transfer, do they stay with the village or transfer to you to handle? Brian open issues? Still owing for 2021 stated Aaron. Brian what we would do we would send them a billing statement once we completed the conversion. They have the opportunity to pay and if not sent to a collector to negotiate a payment plan. We want to have that taken care within 12 months. Patti asked going back to 3 years of data, if we have tax payers still making payment for 2015, you guys will collect on that if we choose. Brian stated we could put that information into our system, the only thing we would want to know is if the tax dollars are out of statue, there's no judgement filed. We couldn't legally take them to court. They have 3 years from when the balance is due to collect on the balance. If it has a judgement attached to it or another agreement, we would work with the village to set them up on a payment plan. Aaron how is RITA audited to make sure they are getting all the money they need to get? Brian stated we are also audited by the State of Ohio, we are also audited by two out of state accounting firms twice a year. Mayor Tarbet stated we have a high rate of rental properties, of which those properties are owned by people that don't live here. How do you know that if they are not filing with us? Their federal return is not going to bounce anything. How do we find those? Brian stated essentially this is a partnership between the village and RITA. Also look for assistance with your building department. When people move in and have landlords or own different rental properties that not only are their tenants registered, the landlords are registered as well. Most municipalities have wording in their ordinance it is required that landlords present their information every 6 months. That's difficult, however we still have the ability to find out who owns the property. We can trace through the tenant and the Federal Data. It's a long and complicated process. Mayor Tarbet, stated I think I may be fair in saying that Patti we have never been very good at knowing who's living in or out. Other than if they come in to the village hall to pay their own water bill. Then that how we find that out. Patti stated they do have a requirement that landlords have to let us know within ten days if someone moves in or out. Mayor Tarbet asked does that happen? Patti stated it does..... not every time, but it does. Mayor Tarbet stated we don't have a list or documentation really, who what rental owners. Patti stated we do. I started that list several years ago and Lori is keeping up on it. We have a pretty good excel list of what owners own what rental properties. So, I always thought we were not very good at finding those landlords that are out of town. I don't think we are very good with tenants moving in and out! Patti stated ya we are! Brian stated one thing that we can assist with is possibly setting in processes, when they come in to register their utilities with the village. Here is a registration form in order to get the utilities turned on you have to fill out the registration form and, on the registration, form you would have to indicate if you are renting or owning. Also, it will request the landlord's information. Brian stated we do not have boots on the ground to be here every ten days to monitor. Brian stated I can tell you there is really no income tax to be paid, because they always show a loss. You want to make sure the requirement is filled.

Aaron asked Phil can I still walk up and pay my water bill? I realize this has nothing to do with this, but the residents we have here if there is not a person sitting downstairs. Phil stated ya. Aaron also asked will the village have an on-going legacy cost with the current system? Phil in terms of keeping SSI. There will be if we want to keep the ones we are collecting in house. We are still working with RITA to determine if that is the best route to go. If it is financially beneficial for us to continue that. Patti stated it is a long list. Adding to that currently, the AG office has the ability to intercept refunds and pay us first. Do you also have that ability? Brian stated it is actually working the opposite way right now. We are working on legislation in Washington DC to have Rita intercept the Federal refund. Currently the Fed's cannot intercept the local refund, so we do not have that capability

Clark stated in our ordinance we have a provision a tax appeal board and so in this case when we go to RITA and RITA makes a decision and the tax payer wants to appeal. The taxpayer would bring the appeal to the village tax appeal board. Once the village gives RITA the authority to negotiate penalty and interest with the tax payer. Aaron asked what is the learning curve, is it one tax cycle? Brian stated I think each community is different. Municipalities are more successful the first year that start in July. They are not bombarded with filing. People have the opportunity to test the waters and research it. Phil contacted local municipalities asking them how the tax payers responded. First thought is residents are going to be upset. Phil spoke with the lady from Malvern and she stated it took one year with no computer set up needed. The residents did it themselves. North Canton stated the same. For those that need help we are here to help them. Brian stated the village will have complete access to contacting us with any questions. Patti asked how will the residents be contacted? Dawn stated that depends when we are going to initiate the start with RITA. Once we get the data abstracts from your system into ours, we send welcome letters to residents and businesses with complete information. So, withholdings can be sent immediately to RITA? Yes, stated Dawn. Reconciliations from now through. Reconciliations can be filed by paper or online stated Dawn. Dawn stated with the older community if they want a paper return, they can call the automated system and have it returned to them. Mayor Tarbet asked what about the accounting firms. What communication do they get from you? They would also get the business letter along partnership with their software. Also, a seminar (webinar). Brian stated we will send reminders to residents to file. Mayor Tarbet stated he has received calls asking when will this start, why haven't I received anything yet? Mr. Turske asked

RECORD OF PROCEEDINGS

Minutes of

Meeting

GOVERNMENT FORMS & SUPPLIES 844-224-3338 FORM NO. 10148

Held

20

can you explain how this will benefit; will this be more business friendly in regards to doing their taxes. This will streamline everything for the businesses. Brian stated we also notify all the major payroll agencies. As a business they may create an account and file directly on line. We receive withholdings daily through the OBG. Delayed payments could still come to the village. We also accept NPT returns.

Mayor Tarbet stated if you still have questions, please contact Phil Turske.

Motion to adjourn the Special Meeting was made by Councilwoman Jordan seconded by Councilman Boldizar. All voted yea

Attest:

Brenda Albaugh Clerk of Council

Timothy N. Tarbet Mayor