



Outdoor Advertising Association of America

OAAA Webinar: Targeted Taxes

Regulations

Cincinnati passes Billboard Tax

July 6, 2018 12:05 am - 1 comment

Views: 581



Two Goals Today

1.) Alert!

Explain what's going on (regarding local taxation)

2.) What you can do to:

- Prepare
- Reduce surprise
- Protect your bottom line

The Big Picture (2013)

Fiscal emergencies in **Detroit**, Pontiac or Scranton came as no surprise, given the chronic economic malaise these localities had experienced for years.



But many other distressed localities **escaped mainstream attention.**

Among them . . . Bethlehem, Salinas, San Diego, San Jose, Lansing and Philadelphia . . .


which entered fiscal distress after drastic declines in their fiscal reserves or significant increases in debt while largely avoiding headlines.

Latest sign of **Chicago** financial stress: City debt up by \$1 billion

In recent years, bond rating agencies repeatedly have lowered the city's credit rating, with Moody's Investors Service putting it in junk territory, largely because of debt to **city worker pension systems** and a heavy debt load in general.



The Big Picture: New York State (Cities Feel Squeezed)



LOCAL FISCAL STRESS

State Austerity Policy & Creative Local Response

**WHAT CAUSES LOCAL FISCAL STRESS?
WHAT CAN BE DONE ABOUT IT?**

Austin M. Aldag, Mildred E. Warner
Department of City and Regional Planning
Cornell University, Ithaca, New York

Yunji Kim
Department of Urban and Regional Planning
University of Wisconsin: Madison

MAY 2017

Survey says: nearly half say they're under severe or moderate fiscal stress

WHY??

After the Great Recession, New York State **cut aid to localities** and pushed down additional expenditure responsibilities to local governments. It has also limited local governments' revenue raising powers with the implementation of a tax cap.

Report: Ohio cities facing fiscal stress despite improving economy

(Late 2017 . . .)

All Ohio cities and counties are experiencing heightened fiscal stress, according to a report from Ohio Auditor of State Dave Yost, but Springfield, Riverside, Lebanon and **Cincinnati** were included on a list of 13 cities that Yost said were a step away from facing increased financial risk.

- 2013
- Based on square footage (\$15/digital, \$10 non-digital)
- Enacted to close a budget shortfall
- Clear Channel sued on free speech grounds

Clear Channel sues Baltimore, calls new billboard tax 'unconstitutional'

THE BALTIMORE SUN

City Solicitor George Nilson said his lawyers have "carefully considered" four letters from Clear Channel's attorneys arguing against the billboard tax, but they remain confident the tax is legal.

"We will defend, and I believe we will prevail," Nilson said.

City lawyer Elena R. DiPietro wrote in a letter to the City Council that the new tax, which began July 1 (2013), does not violate the First Amendment because it is intended to **"raise revenue** and lessen the negative impact of billboards," not curb speech.

Baltimore: Two-Day Trial in June of 2017



Baltimore: Tax Judge Rules in City's Favor (February 27, 2018)



- Baltimore uses the billboard tax for the general public interest, such as schools
- Billboards take up space, may obstruct views, distract motorists, and displace land
- The tax is on the privilege of operating in the city, not on “speech”
- Petitioner (Clear Channel) does not express or say anything, it only sells space
- The **tax does not infringe on free speech**

State Tax Headlines

Tax Headlines

Electronic Billboard Tax Was Constitutional

🕒 March 9, 2018 👤 CCHTaxGroup 💬 no comments



A local tax on outdoor advertising in Maryland was constitutional and did not violate free speech rights.

Maryland Tax Court Affirms Baltimore Billboard Tax

By **James Nani**

Law360 (March 5, 2018, 7:16 PM EST) -- The Maryland Tax Court has found an excise tax on billboards in Baltimore enacted in 2013 does not impose a free speech burden on billboard operator Clear Channel Outdoor, ruling in favor of Baltimore's Finance Department and against a refund for Clear Channel.

city of
CINCINNATI
OHIO

FISCAL YEARS 2018-2019
ALL FUNDS BUDGET

VOLUME I:
APPROVED FY 2018-19
BIENNIAL OPERATING BUDGET

City of Cincinnati - FY 2018-2019 Approved Biennial Budget

Income Tax: The City Income Tax is 2.1% of gross earnings by residents, non-residents who work in the City, and corporations located in the City.

Property Tax: The City's current property tax total is 12.10 mills per \$1,000 of assessed value.

Intergovernmental revenues are sought from State, Federal, and other sources.

APPROVED FY 2018 AND FY 2019 BUDGET

The All-Funds Operating Budget totals \$1.1 billion for FY 2018 and the Capital Budget totals \$504 million.

Creating this budget meant overcoming the \$26 million FY 2018 operating budget deficit.

This gap was brought on by the culmination of a number of factors resulting in operating **expenses outpacing operating revenues**.

These include a \$15.6 million **reduction in the income tax projection** coupled with increased payroll and non-personnel costs for City employees.

Adding additional pressure are the possibilities of **reductions in federal, state and local funding . . .**

Cities Respond to President Trump's 2019 Budget Proposal

National League of Cities:

“The proposal includes \$3 trillion in domestic cuts over ten years, many of which Congress has already rejected twice.

Together, these cuts represent a **historic disinvestment** from cities and local governments



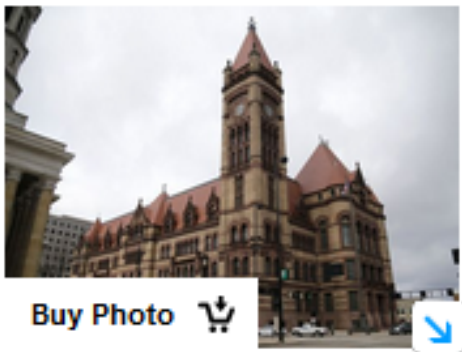
SPECIAL MEETING: Budget & Finance Committee

The Cincinnati City Council's Budget and Finance Committee has scheduled a Special Meeting on Wednesday **June 27**, 2018 at 1:00 p.m., to be held at Cincinnati City Hall, Council Chambers, Room 300, 801 Plum St., Cincinnati, OH 45202.

This special meeting is also being held to allow for discussion and votes on Fiscal Year 2019 City Budget items and other budgetary items prior to the close of the current fiscal year.

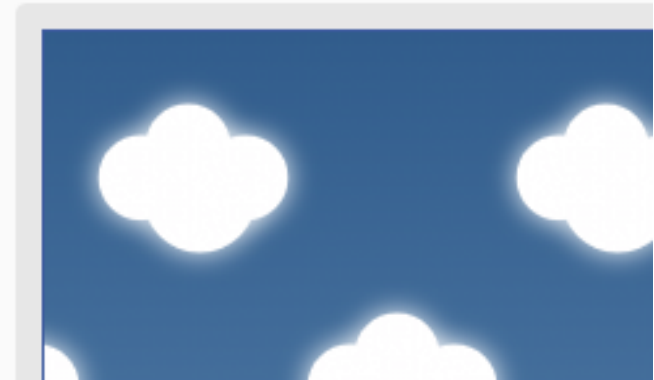
Cincinnati's 2019 budget: Money for Health Gap, 911 center and police OT, and lots of fee increases

Sharon Coolidge, Cincinnati Enquirer | Published 10:21 a.m. ET June 27, 2018 | Updated 6:09 p.m. ET June 27, 2018



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Cincinnati City Council eked out the 2019 budget Wednesday, wrestling a \$32 million deficit to the ground with roughly \$10 million in cuts and a series of tax and fee increases.



Cincinnati (news report)

Council raised the commercial hauling tax; increased building and permit fees; raised stormwater rates; upped the cost of parking at meters; **added a billboard tax**; and agreed to ask voters to increase the admissions tax in November.

Council Republicans Amy Murray and Jeff Pastor and independent Christopher Smitherman voted against the admissions tax, the hauling tax, the **billboard tax**, meter changes, and developer fees.

On the billboard tax, three members of the **Norton family**, which owns Norton Advertising, complained during comment that the tax is illegal because sign companies already pay permit fees; it essentially applies to only two companies; and it was slipped through committee with no time for them to respond. (Mayor) Cranley expressed concern billboard owners might sue .

..

- **Next:**
- **Lawsuit by late July – early August**
- **OAAA Legal Seminar (November 14)**



EMERGENCY

City of Cincinnati

LDM/B 

An Ordinance No. 167

- 2018

Sec. 313-7. - Tax Not to be Separately Stated or Charged.

- (a) The tax shall not be stated or charged separately from the rent or other consideration paid by an advertiser for use or occupancy of an outdoor advertising sign or shown separately on any record thereof, or otherwise reflected upon any bill, statement, or charge made for the sign's use or occupancy issued or delivered by the advertising host.
- (b) No advertising host shall state in any manner, whether directly or indirectly, that the tax or any part thereof will be assumed or absorbed by an advertiser, or that it will be added to the rent or other charge.

Cities are/will be **under pressure**

Baltimore, Cincinnati, and Philadelphia **have targeted billboard taxes:**

- Court-approved in Baltimore (based on space)
- Paid by billboard companies in Philly (7 percent)
- Helped resolve the budget shortfall in Cincy

Dynamics ripe for tax to **spread**

- **Is your city “Home Rule?”**

- Delegation of authority from the state to an administrative division
- Some states are “home rule” states and others grant limited home rule
- Each state defines what powers it grants to local governments
- Four spheres of discretion to localities
 - One of those four is fiscal (to determine revenue sources, set tax rates, borrow funds)

The state role?

2005 Missouri Revised Statutes - § 71.288. — Restrictions on outdoor advertising—
fee.

1. Any city or county shall have the authority to adopt regulations with respect to outdoor advertising that are more restrictive than the height, size, lighting and spacing provisions of sections 226.500 to 226.600, RSMo.
2. No city or county shall have the authority to impose a **fee of more than five hundred dollars** for the initial inspection of an outdoor advertising structure, nor may the city or county impose a business tax on an outdoor advertising structure of more than **two percent** of the gross annual revenue produced by the outdoor advertising structure within that city or county.

Tips: Is your state stressed?

Top Five States

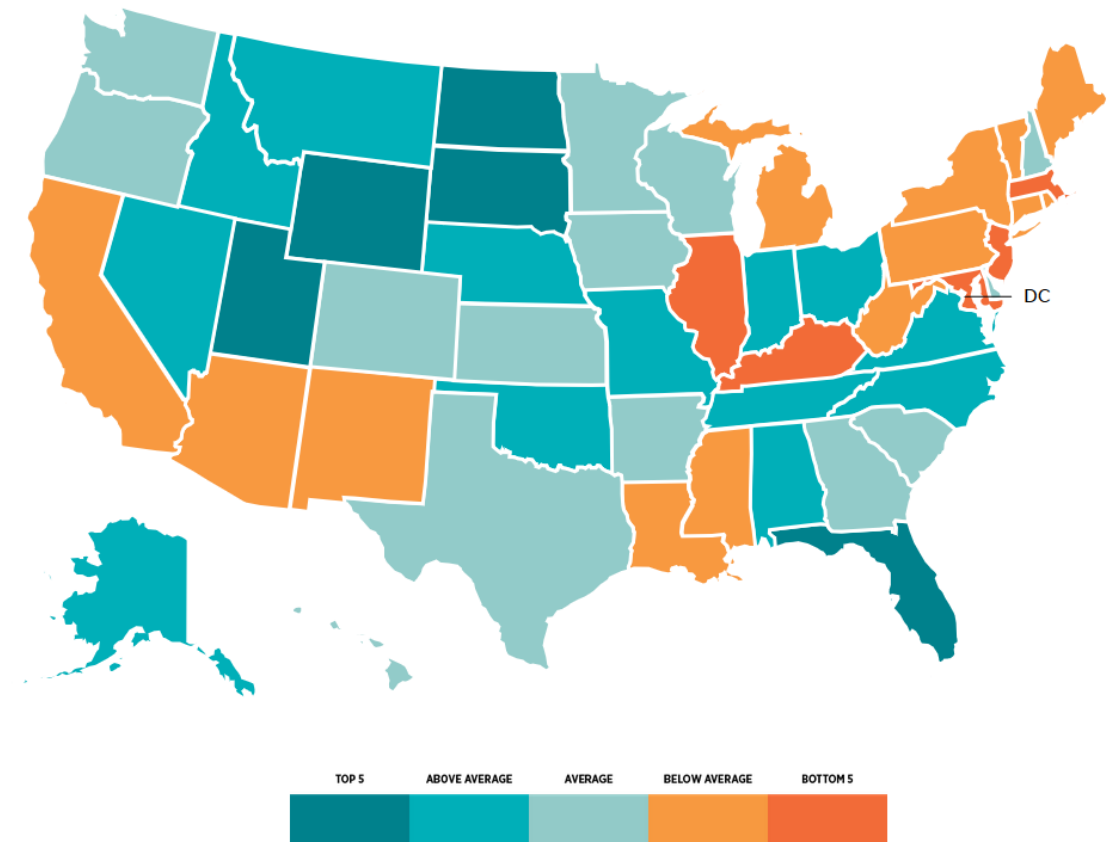
Florida, North Dakota, South Dakota, Utah, and Wyoming rank in the top five states.

Top-performing states tend to have higher levels of cash, low unfunded pensions, and strong operating positions.

State Fiscal Rankings

Ranking the States by Fiscal Condition 2017 Edition

All States ▾



Tips: Is your state stressed

2017
EDITION

OVERALL FISCAL CONDITION RANK

MERCATUS CENTER
George Mason University

TOP FIVE

1. Florida
2. North Dakota
3. South Dakota
4. Utah
5. Wyoming

ABOVE AVERAGE

6. Nebraska
7. Oklahoma
8. Tennessee
9. Idaho
10. Montana
11. Missouri
12. Alabama

13. Ohio
14. Nevada
15. North Carolina
16. Indiana
17. Alaska
18. Virginia

AVERAGE

19. South Carolina
20. Arkansas
21. Oregon
22. Georgia
23. Texas
24. Minnesota
25. New Hampshire

26. Washington
27. Hawaii
28. Iowa
29. Wisconsin
30. Colorado
31. Delaware
32. Kansas

BELOW AVERAGE

33. Arizona
34. Mississippi
35. Maine
36. Michigan
37. Connecticut
38. Rhode Island

39. New York
40. Vermont
41. New Mexico
42. West Virginia
43. California
44. Louisiana
45. Pennsylvania

BOTTOM FIVE

46. Maryland
47. Kentucky
48. Massachusetts
49. Illinois
50. New Jersey

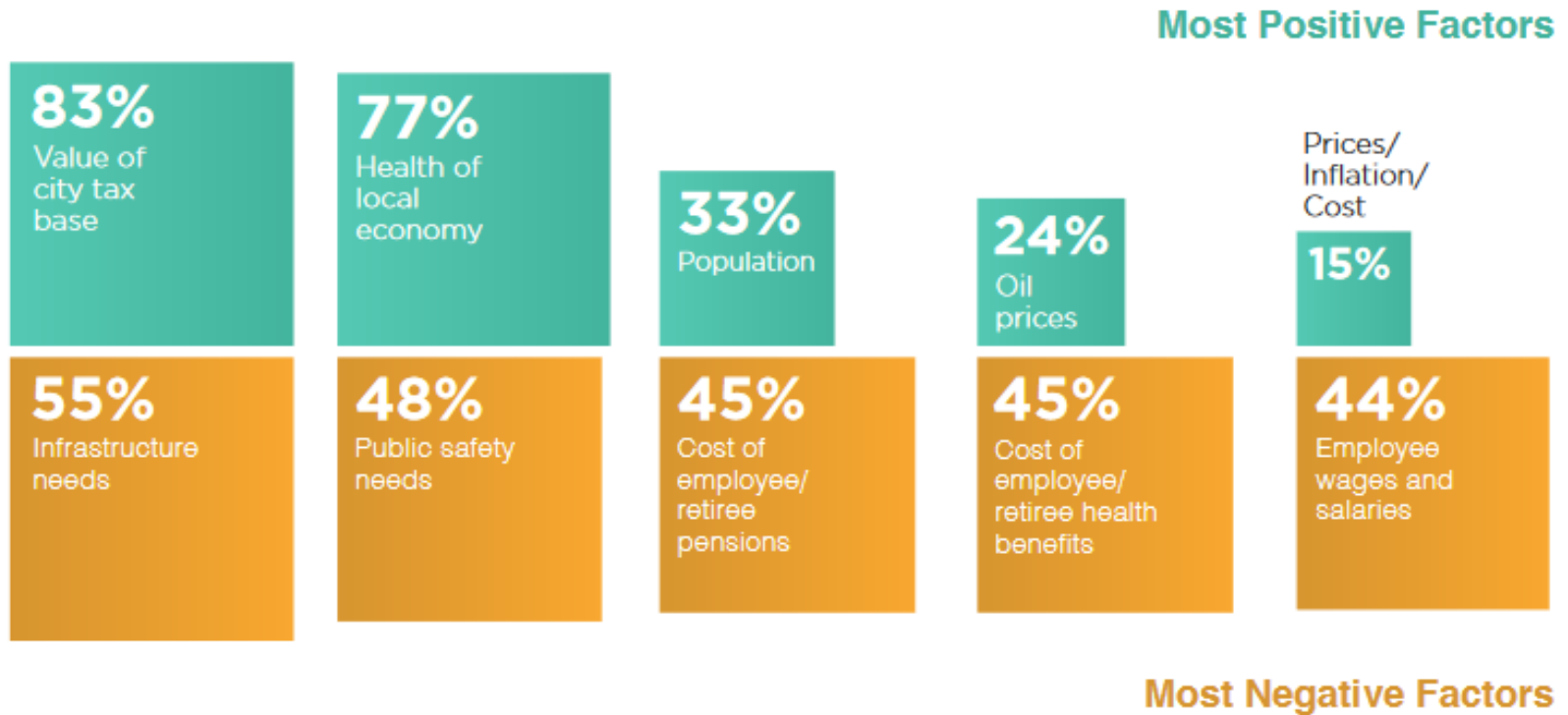
SOURCE: Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition, 2017 Edition" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, July 2017).

Is your city stressed?



Figure 3 Most Positive and Negative Factors

Percent of cities selecting factor as one of three most positive and negative factors impacting their city's budget.



Tips: is your city stressed?



Service Solvency: An Analysis of the Ability of Michigan Cities to Provide an Adequate Level of Public Services

MSU Extension White Paper



Exhibit 9: Michigan Cities That Are Service Insolvent or on the Verge of Service Insolvency

City
Flint
Pontiac
Mount Pleasant
Burton
East Pointe
Lincoln Park
Garden City
Oak Park
Saginaw
Bay City

Baton Rouge, Louisiana



Tips: is your city stressed?



Report on Comparative Revenue Capacity, Revenue Effort, And Fiscal Stress of Virginia's Cities and Counties

FY 2016

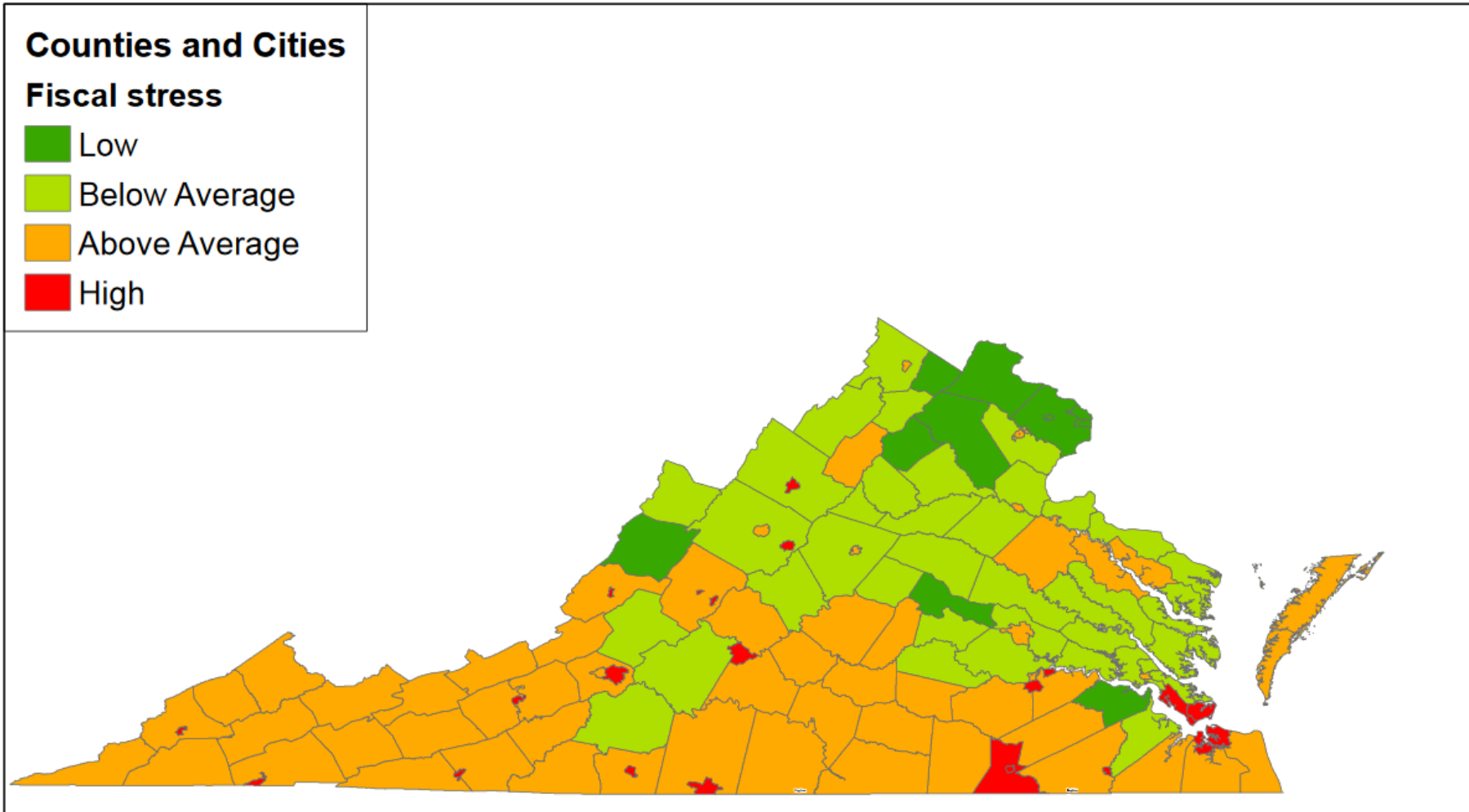


Fiscal Stress (Virginia)

- There are 21 **high stressed localities** and all of them are **cities**.
- Since FY2015, only two localities improved their stress category while nine localities declined.

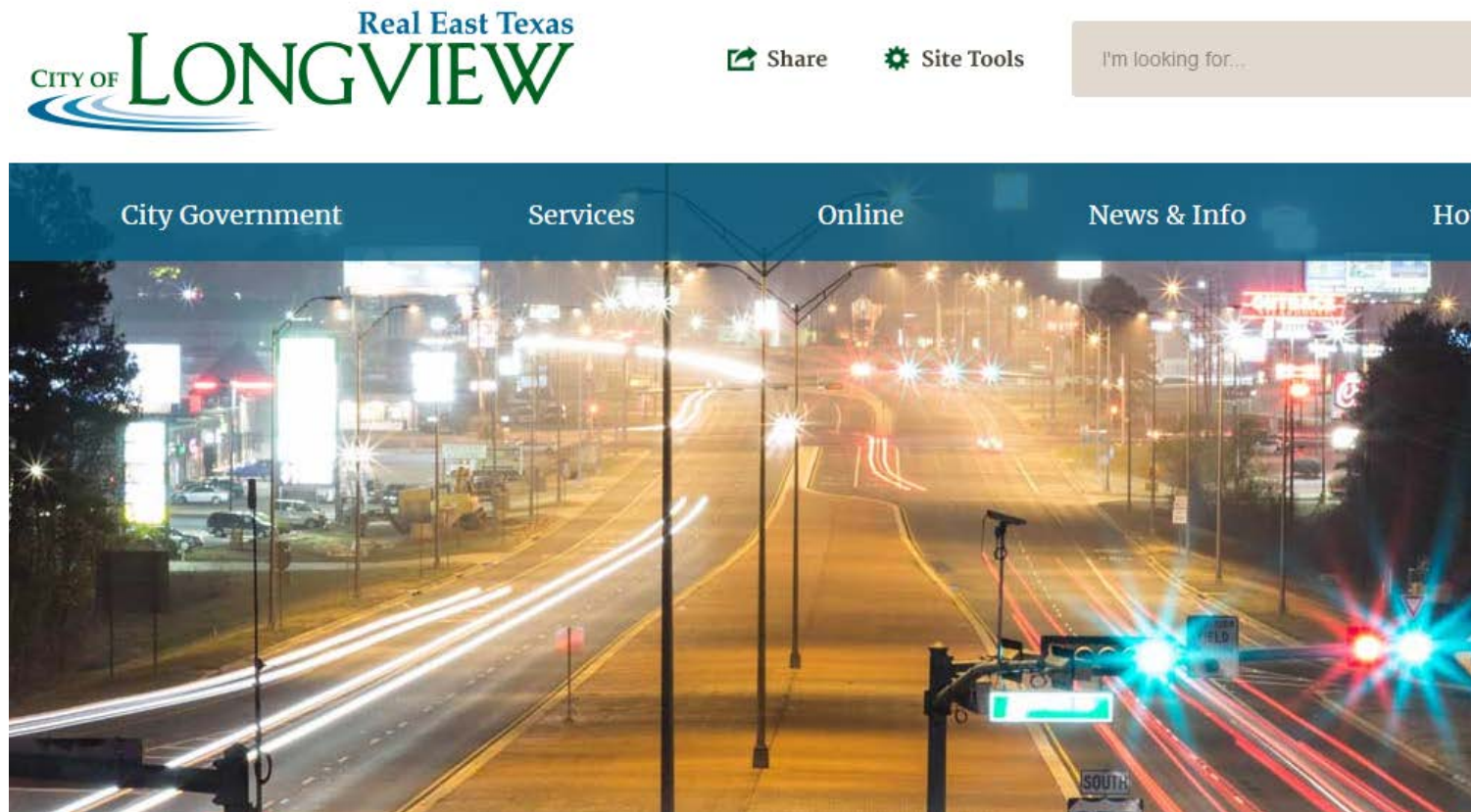
Tips: is your city stressed

Commonwealth of Virginia: Fiscal Stress Classification FY2016



Tips: know the budget process

- What is your budget time-table/process



Longview, Texas budget cycle

- Fiscal year begins **October 1**
- Begins to develop budget in May
- City manager make budget presentation by **August 1**
(including taxes and fees)
- Pubic input



Office of the City Clerk

Monica Martinez Simmons, MMC, City Clerk
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City Budget Process

How can we help?

- **January 1** fiscal year
- By state law, council must adopt a budget by December 2
- The mayor must submit a proposed budget by October 3
- The mayor reviews department submittals through the end of **August**

City Council

[Home](#) / [City Council](#)



city council

Harrisburg's City Council is the Legislative Branch of City government. The City Council consists of seven members who are elected at large. The City Council President is elected by the Council members and presides over the Council meetings. In the event of illness or absence, the Vice-President presides over the meetings.

Harrisburg: in fiscal crisis (“we could have emergency meetings”)



- Stopped sending mailers 10 years ago!
- Must publish notice (per state law)
- Posts notice on website
- Must put signs on the door at city hall (to comply with Sunshine requirements)

Meeting Schedule

View the calendar for upcoming City Council meetings

[VIEW CALENDAR](#)

Agendas

View the most recent City Council agendas

[VIEW AGENDAS](#)



Council President Wanda Williams

Council Vice President Ben Allatt

Council Member Shamaine A. Daniels, Esq.



Council Member Westburn Majors

Council Member Cornelius Johnson

Council Member Ausha Green



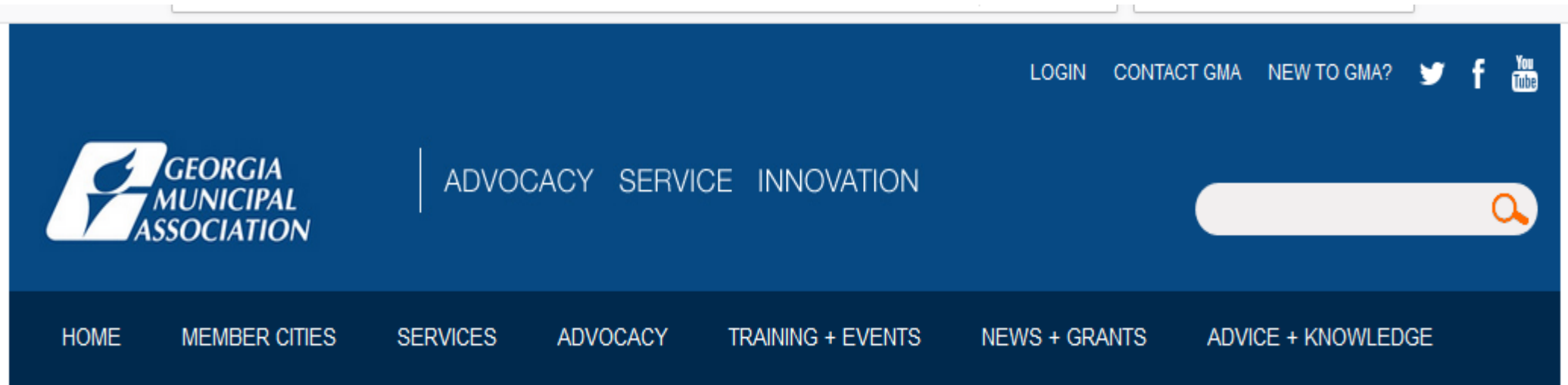
City of Harrisburg @thecityofhbg · Jul 11

THREE SPECIAL EVENTS THIS WEEKEND REQUIRING ROAD CLOSURES

harrisburgpa.gov/notices/specia...

**SPECIAL EVENT STREET
CLOSURES THIS WEEKEND**

Tips: what are “emergency” meetings?



ADVICE + KNOWLEDGE \ CITY CLERK HANDBOOK



Council Meetings



Emergency Meeting: Emergency meetings are those called with less than a **24 hour notice** to act on item(s) related to an unforeseen event.

Similar to special meetings, emergency meetings may only cover topics related to the specific purpose of why the meeting was called.

Tips: know people (someone) at city hall



What are the talking points?



- Litigation (time and expense)
- Anti-business
- Unfair