

C. Forecast 2002

Table 3 shows the City's actual tax revenue from 1989 to 2001 and our forecasts for 2002. The forecast procedures, outlined in the *City of Toledo Payroll Tax Revenue: Annual Budget Projections and Long-term Trends*, UT-Urban Affairs Center, October 2000, predict a recovery in income tax revenue during 2002. An economic recovery now appears to be taking hold and with this upward momentum the City can expect total revenue to increase in 2002. Our forecast shows total income tax revenue at \$154,150,094 this year; that's a predicted increase of 2.1%, which puts the City's income tax revenue just above its level in 2000. The gains for 2002 result from improved economic conditions both here and in the nation as a whole. While this is more optimistic than our earlier forecast, it's far from the rapid increases that occurred from 1992 to 1998. Those economic conditions are not expected to return.

Table 3: Toledo Income Taxes - Forecasts are bold.

		%		%		%		%
	Withholding	change	Business	change	Individual	change	Total	change
1989	\$95,011,996	2.4	\$9,292,927	-35.0	\$2,396,757	-2.4	\$106,701,680	-2.6
1990	92,919,354	-2.2	12,766,213	37.4	2,294,258	-4.3	107,979,825	1.2
1991	92,452,379	-0.5	9,963,000	-22.0	2,454,651	7.0	104,870,030	-2.9
1992	97,428,524	5.4	10,445,009	4.8	2,549,443	3.9	110,422,976	5.3
1993	100,159,047	2.8	12,805,217	22.6	2,790,750	9.5	115,755,014	4.8
1994	107,147,988	7.0	14,813,612	15.7	3,013,485	8.0	124,975,085	8.0
1995	112,883,989	5.4	13,743,551	-7.2	3,161,220	4.9	129,788,760	3.9
1996	117,494,951	4.1	17,829,958	29.7	3,161,798	0.0	138,486,707	6.7
1997	123,559,489	5.2	15,856,452	-11.1	3,284,787	3.9	142,700,728	3.0
1998	125,178,347	1.3	15,904,590	0.3	3,421,660	4.2	144,504,597	1.3
1999	130,843,903	4.5	15,645,820	-1.6	3,680,593	7.6	150,170,316	3.9
2000	134,806,279	3.0	15,287,726	-2.3	3,736,243	1.5	153,830,248	2.4
2001	132,688,940	-0.7	13,228,940	-13.5	4,993,735	33.7	150,911,407	-1.9
2002	134,699,758	1.5	15,254,995	15.3	4,195,341	-16.0	154,150,094	2.1

Source: Actual revenue from City of Toledo, Finance Department/Treasury Division.

Forecasts in bold were generated by the procedures outlined to City Council in *City of Toledo Payroll Tax Revenue: Annual Budget Projections and Long-term Trends*, UT-Urban Affairs Center, October 2000.

Our 2002 forecast shows a 1.5% recovery in tax withholdings, following the 0.7% drop that occurred during the 2001 recession. That's significant because withholdings account for nearly 88% of the City's total income tax revenue. Our forecast for revenue from business profits shows recovery, but it remains well below the \$17,829,958 collected in 1996. The rise in individual income tax revenue in 2001 resulted from improved collection procedures. While that may continue in 2002, our forecast does not account for new, improved collection procedures. Nevertheless, we forecast revenue from individual collections to be up from its 2000 level.