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# City grapples with tax issues at Tanger

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The city of Delaware's task to collect income and net profit taxes from businesses at the Tanger Outlet Mall has been a challenge for its Finance Department.

The city and Berkshire Township created a Joint Economic Development District (JEDD) at the mall located near the Interstate 71 and U.S. Route 36-state Route 37 interchange. The special taxing district would allow the township administer the city's 1.85-percent income tax on those who work at the outlet mall.

The township's share of the JEDD revenue is about 60 percent, while the city's is about 40 percent, plus four percent for fiscal services and one percent for the JEDD board.

“We are now in the process of receiving payments from over 90 percent of the stores at the mall. It has taken longer than originally expected to get the tenants to comply as many corporate payroll officials are out of state and for some retailers, this is their first presence in the State of Ohio,” said Finance Director Dean Stelzer, in an email sent earlier this month.

“Many of them claim that they were not aware of their responsibility to withhold the tax for the JEDD. They referred to the Tax Finder locator on the Ohio Department of Taxation website which showed no local tax obligation.”

Stelzer said the tax finder does not list JEDDs as indicated by their disclaimer on the website.

“Five of the retailers have been paying the Village of Sunbury tax since last June and are in the process of applying for refunds from [Regional Income Tax Authority] in order to pay the JEDD,” he said.

The city had collected tax from about 60 percent of the businesses when Stelzer alerted the Delaware Finance Committee about the issue in February.

“I will indicate that we’ve struggled mightily trying to get those businesses out there to withhold income tax,” he said.

“It’s tough running after retail ... It’s a little bit more of a challenge because it’s out there.”

Stelzer told The Gazette the challenges with obtaining compliance were anticipated and have been communicated to the JEDD board.

“Communication with other cities who collect a JEDD tax have confirmed similar difficulties with enforcement,” he said.

Since the mall opened in late June, total revenue collected for 2016 was \$145,399.05. Berkshire received \$82,877.47, while Delaware received \$55,251.64 for its share plus \$5,815.95 for fiscal services; and the JEDD board received \$1,454.99.

It was expected the township would receive about \$200,000 each year and the city would receive about \$130,000 annually, according to The Gazette’s archives.

Berkshire Township Trustee Rod Myers said the projections included the revenue from the construction phase. But Ohio law revisions, he said, allowed some workers to not pay taxes depending on how long they worked at the mall site.

“The figure will be close to what we expected,” which was about \$100,000, he said.

“The township is quite happy with it.”

At the finance meeting, Stelzer said the city was expected to receive \$70,000 to \$80,000 in revenue share from the mall.

The JEDD's creation of the Joint Economic Development District was subject to a referendum in May last year and overwhelmingly upheld by voters. Officials working with the outlet mall were unsuccessful to keep the measure off the ballot, taking the issue to the Ohio Supreme Court.

The 350,000 square-foot outlet mall houses more than 80 upscale brand-name and designer-outlet stores. Mall officials did not respond to requests for comment.

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