

**VERMILION RESIDENTS FILE CLASS ACTION LAWSUIT TO RECOVER
CITY INCOME TAXES UNJUSTLY COLLECTED AND WITHHELD**

A class action has been filed on 4-15-25 to recover City Income Taxes unjustly collected and withheld for tax years 2018-2022 for Vermilion residents who lived within the City of Vermilion but worked outside the City of Vermilion. These Vermilion residents were entitled to a one percent (1%) Resident Income Tax Credit on their tax returns, but the Regional Income Tax Agency (RITA) forms and instructions were enforced and collected with the erroneous Resident Income Tax Credit of one-half percent (.50%). This entitles those residents to a return of one-half percent (.50%) of their wages earned outside the City of Vermilion for these tax years, provided they worked in a city with an income tax rate of one percent (1%) or greater. The City of Vermilion was made aware of this error in the Resident Income Tax Credit in June 2022 but have not returned such unjustly collected and withheld city income taxes. The Resident Income Tax Credit was established at the one percent (1%) amount by the enactment of Ordinance No. 2018-19. Ordinance No. 2022-43 enacted on 6-27-22 restored the Resident Income Tax Credit back to one-half percent (.50%) effective 1-1-23. Ordinance No. 2022-43 was repealed by Ordinance No. 2022-81. Ordinance No. 2022-85 was then enacted on 12-21-22, restoring the Resident Income Tax Credit back to one-half percent (.50%) effective on this date.

Phillips stated that the Vermilion Mayor and City Council have know about this unjust enrichment and benefit to the City of Vermilion at the expense of these Vermilion residents who lived within the City of Vermilion and worked outside, and for over two (2) years wrongfully unlawfully and illegally have failed to take action to return such unjustly collected and withheld city income taxes. Phillips stated that “This is just not right and intolerable. This is why the class action lawsuit has been filed. So, the Vermilion residents can get what they deserved”. Furthermore, Phillips stated that “No one resident would file this legal action to recover the amount

wrongfully collected and withheld since the legal costs would far exceed the amount of their recovery. This is why the class action has been filed.”

The Resident Income Tax Credit can be lowered by municipalities like Vermilion without the vote of residents. Whereas an increase in the city income tax rate by law must be placed on the ballot for the vote of the residents. State law provides for the latter but not for the former. Phillips stated that he has drafted charter amendments in three (3) cities over the years which require a vote of the residents to lower the Resident Income Tax Credit in these communities, Lakewood, Avon, and Sheffield Lake. Vermilion had a similar charter amendment on the ballot on the general election ballot in November 2023, but it did not pass. The Mayor and the City Administration vigorously and aggressively opposed the charter amendment. Mayoral candidate Jean Anderson was the proponent of the charter amendment which was drafted by resident attorney Homer Taft a frequent critic of the City of Vermilion. Mayoral candidate Russ Owens supported the opposition group to the charter amendment.

Councilman Drew Werley supported the charter amendment and recently supported Ordinance No. 2025-12 passed on 4-7-25 which restored the Resident Income Tax Credit back to the one percent (1%) amount for tax years 2018-2022, effective 1-1-25. The Resident Income Tax Credit remained at one-half percent (.50%) for tax years 2023-2024. Mayoral candidate Jean Anderson, stated she supported the passage of Ordinance No. 2025-12, and she supports the class action lawsuit to return to those Vermilion residents who lived within the City of Vermilion but worked outside the City of Vermilion during the tax years 2018-2022 the amount they are entitled to. She stated that “It is the right thing to do, these residents should receive such unjustly collected and withheld city income taxes. She will see that this wrong is made right for these Vermilion residents”.

Phillips stated that “He believes that this class action lawsuit will become a campaign issue for the mayoral race”. For additional information and comments please contact the undersigned.

A copy of the class action lawsuit is attached with Exhibits A-D along with Ordinance No. 2025-12

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