

WABASH COUNTY COUNCIL SPECIAL SESSION

The Wabash County Council met in a special session to conduct a public hearing on Monday, October 20, 2014 in the Commissioner's Meeting Room of the Wabash County Courthouse to consider the adoption of ordinances for: (1) Funding the growth factor levy for calendar year 2015 with property taxes, (2) Eliminating the CEDIT Homestead rate of .25 and (3) Adopting an additional county adjusted growth income tax rate of .25 for public safety expense. The hearing had been advertised and the public invited for the purpose of expressing their views. James Kaltenmark called the meeting to order at 6:00 P.M. with seven members present: Kaltenmark, Claude Markstahler, Randy Curless, Gary Nose, Jeff Dawes, Bill Ruppel and Mike Ridenour. Markstahler opened with a word of prayer and Kaltenmark led in the pledge of allegiance. The proceedings of the meeting were recorded by the County Auditor's office.

Kaltenmark asked for public comment regarding any item on the agenda. Council member Ruppel explained to the public why the county was considering the tax changes. He stated "the State has recommended that we raise the LOIT rate up to .66% and that, as a Council, we do not want to do. The State also encouraged us to raise more in property taxes, but we would rather raise revenue by shifting some of the taxes around. He said that there would be an increase to some and a loss to some, but to keep the county working, to keep the jails open, police on the road and to retain necessary county services, these are the changes that the State will allow us to do. To make things work without cutting county services and jobs, this is where we're at and why we're considering these changes tonight".

Council member Kaltenmark stated that the County has had to borrow funds twice this year and that money from other funds had to be used to fund the General Fund expenses including most of the Rainy Day Fund monies. He explained that a large concern for county law enforcement and the local courts is the state unfunded mandate of more criminals being sentenced to our local jail and the resulting costs and expenses.

The first ordinance for consideration at the public hearing was the amending of General Ordinance #2003-II which in February 2003 had increased the economic development income tax rate to .50% in order to offset the effect on homesteads due to the inventory tax being eliminated. The currently considered amendment would eliminate the CEDIT Homestead Income Tax Credit effectively reducing the CEDIT tax rate to .25% instead of the presently enacted .50%. Ridenour made a motion to approve the elimination of the .25 CEDIT Homestead rate, also stipulating that Council annually review the percentages of county adjusted gross income tax to provide local property tax relief. Ruppel seconded the motion. Discussion followed. Council member Nose asked how much more taxpayers will be paying if the CEDIT Homestead credit is eliminated and that he estimated the cost at \$1,300,000 county-wide. Ruppel noted that this will affect only homesteads and no other properties such as

apartments or businesses. Dawes commented that the LOIT experts had estimated the cost at \$50-\$60 more per homeowner. Ridenour noted that without the homestead credit, his taxes will increase \$81.00, but it will vary based on the assessed value of the property. With no further discussion, Kaltenmark called for the vote. The motion passed by a vote of 6 in favor and one opposed, that being Council member Nose.

The second ordinance for consideration was the imposition of an additional county adjusted gross income tax rate not to exceed .25 for public safety expenses. Ruppel made a motion to approve a .25 local option income tax to be used for public safety funding. Ridenour seconded the motion. Discussion followed. Kaltenmark stated that this is the second time that the Council is considering the public safety tax and that it was first addressed in 2007. While the tax is expected to raise approximately \$1,300,000, Nose pointed out that the County would not receive the full benefit from it. He stated that the funds will be split between the other taxing units based on assessed valuation; approximately \$825,000 to the County, \$342,000 to the City of Wabash, \$123,000 to North Manchester, \$12,000 to LaFontaine, \$6,000 to Roann, and \$5,000 to Lagro. Kaltenmark explained that Wabash County's LOIT rate is the third highest in the state but that it will not increase because of this change. Kaltenmark heard no further discussion and called for the vote. The motion passed by a vote of 6 in favor and one opposed, that being Council member Nose.

The third ordinance for consideration was the funding of the growth factor levy with property taxes or "to thaw the frozen property tax levy". Dawes made a motion to fund the growth factor levy with property taxes. Markstahler seconded the motion. Discussion followed.

Council member Dawes stated: "I wish we weren't in the position where we have to do this, being that the State has told us for two or three years that we've needed to raise the income tax rate on the Stabilization Fund. We're already the third highest income tax rate in the State and none of us wanted to do that. The Stabilization Fund has been drawn down where it will be out of money at the end of this year and we have no money to replace it. With that being said, and none of us wanting to put that on the income side, I think that's our only alternative, in my opinion, to let the growth levy take place on the property tax side."

Council member Ridenour stated: "When I voted to adopt the levy freeze, my feeling was that allowing our levies to grow, the dollar amount should be controlled not by what the state says we could get, but what the income tax that we're collecting is going to raise. So if our local income tax doesn't generate enough to support a higher budget, we're going to need to figure out what we're going to have to cut or do away with. Just because we're given the opportunity to raise the levy, doesn't mean we should take the opportunity to raise the levy." I can't see how \$160,000 is going to make a difference when \$840,000

will be raised by the levy freeze using income taxes. The rate we already have in place should raise sufficient revenue to fund the budget.”

Nose stated that in years past, the County has funded our budget with the revenues that have been raised. He said that the .04 in LOIT operating levy must remain even if we thaw the levy and by keeping the taxes low, the County will be less likely to hit the tax caps. Kaltenmark stated that he would like to see the change for at least one year and suggested that Council choose to make the change for one year and then review the results. Dawes stated that the County has been very conservative in budgeting and yet still has had to borrow from other funds to pay the General Fund expenses. He stated there are no funds to replace the Stabilization Fund and we still have the problem of unfunded mandates that will continue to come. He stated that he hopes the levy could be frozen again in the future and the Council needs to review this each year.

A comment from the public in attendance concerned the “double increase for those who own homes”. Ridenour explained that the next change to be considered in property tax replacement percentages could possibly help this “homeowner tax increase”. Hearing no further discussion, Kaltenmark called for the vote. The motion passed by a vote of five in favor and two opposed, those being Council members Ruppel and Ridenour.

Curless made a motion to suspend the rules and adopt the ordinances on the first reading and without the consideration and the second reading of the ordinance. Dawes seconded the motion and it passed by a vote of 7-0 in favor. Ridenour made a motion to eliminate the CEDIT Homestead credit of .25 without a second reading of the ordinance. Ruppel seconded the motion and it passed by a vote of 6-1 with Nose voting against the motion.

Ruppel made a motion to adopt the LOIT Public Safety rate of .25 without the second reading of the ordinance. Ridenour seconded the motion and it passed with the vote of 6-1 with Nose voting against the motion.

Curless made a motion to thaw the levy without a second reading of the ordinance. Nose seconded the motion and it passed with a vote of 5-2 with Ruppel and Ridenour against the motion.

The final ordinance for consideration was the amending of the General Ordinance #85-14-2007 imposing the County Adjusted Growth Income Tax rate in order to provide property tax relief and amending Ordinance #85-08-2009 with the current distribution percentages. Kaltenmark requested that Ridenour explain the percentage change proposal being considered. Ridenour explained that currently 60% of the 1.0 rate is being used to provide local property tax replacement credit at a uniform rate to all taxpayers in the county. The other 40% of the rate is being used to provide local property tax replacement credits at a uniform rate for all qualified residential property. The proposal that he suggests is to change the percentages from 60% to 55% for LOIT property tax replacement credit, from 40% to 35% for qualified residential property and 10%

for providing the homestead credit uniformly to all homesteads in the County. He explained that more of the 1.0 rate will provide relief back to the homeowners; to those in Wabash County who live and work in the county and that have to pay the income tax. He stated that this would mitigate some of the other tax increases to homeowners approved tonight. Dawes pointed out that the change in percentages will increase the circuit breaker credits. Ruppel stated that with the changes; the homesteads get relief from all three percentages. Nose stated that with this change, the county is not collecting any less money, but just shuffling the amounts.

Ridenour made a motion to change the 1.0 rate property tax relief percentages to 55% for LOIT property tax replacement credit for all taxpayers in the County, 10% for homestead credit, and 35% for qualified residential property effective January 1, 2015. Ruppel seconded the motion and it passed with a vote of 7-0 in favor.

Sheriff Bob Land requested a consensus of approval from Council to proceed with the payment of departmental expenses using approximately \$38,000 that had been recently received from insurance reimbursements. Land stated that he has immediate expenses that need to be paid and because the reimbursements would require no additional money and just appropriation into the budget, he asked for a consensus to proceed with payment of departmental expenses anticipating the official approval of the additional appropriation at the next Council meeting. Council's consensus was approval of the request.

The following individuals also attended the October 20th Public Hearing:

**If any names are spelled incorrectly, we apologize.*

Deputy Auditors B.J. Grube and Marcie Shepherd, County Commissioners Barry Eppley, Brian Hauptert and Scott Givens, County Attorney Steve Downs, County Sheriff Bob Land, County Treasurer Sharon Shaw, County Assessor Kelly Schenkel, County EMA Director Keith Walters, Purdue Extension Director Teresa Witkoske, Wabash Co. Soil & Water District Director Susie Stephan, Secretary/Treasurer of Soil & Water District Kyle Bowman, and County employee Debbi Tiffany. Also present were: Matt Dillon, Bonnie Corn, and Louella Krom.