

WABASH COUNTY COUNCIL L.I.T. PUBLIC HEARING

The Wabash County Council met for a public hearing on Monday, October 16, 2017 in the Commissioner's Meeting Room of the Wabash County Courthouse. Chairman Jeff Dawes called the hearing to order at 5:00 P.M. Seven Council members were present: Dawes, Randy Curless, Matt Mize, Matt Dillon, Kyle Bowman, Lorissa Sweet, and Philip Dale. Bowman opened with a word of prayer and Dawes led in the Pledge of Allegiance. The proceedings of the hearing were recorded by the County Auditor's office.

Chairman Dawes requested that those present silence electronic devices and stated that all public comments regarding the public hearing are permitted and encouraged. He stated that if a member of the public wishes to address Council, he or she should raise a hand and state their name for the minutes.

Chairman Dawes stated that the public hearing is being held for the purpose of receiving public input regarding local income tax options by approving a possible decrease in the property tax relief percentage from 1.00% to .50% and to further rearrange property relief percentages within the .50% to approve a new income tax option, the Public Safety Access Point (PSAP). Dawes read the proposed Ordinance #2017-85-07 in its' entirety (see the entire ordinance further down in the minutes). Auditor Shepherd further explained that the PSAP would fund the approximate \$570,000 budget of the County's Central Dispatch department that is currently being funded from the County's General Fund and would further rearrange the percentages to fund the PSAP at .09% with a .41% increase (instead of a .50% increase) in certified shares/revenue. Dawes explained that the proposed change will not increase Wabash County's total income tax rate but will reduce cap losses and increase revenue to all local taxing units.

Dawes called for questions and comments from Council members. Councilman Dale asked if the LIT Public Safety proposed rate includes both the rate used by the county to fund inmate transfers and the PSAP option for funding dispatching center expenses if the ordinance is approved. Dawes and Auditor Shepherd explained that the ordinance approved the current Public Safety rate at the existing .25% rate but would also include the PSAP percentage rate of .09% for a total Public Safety rate of .34% for 2018. No further comments from Council were made at this time.

Dawes called for questions and comments from the public in attendance. County resident Nancy Wittmer asked the purpose of Public Safety Access Point (PSAP) option, how the revenue would be used and how the .09% was figured. Auditor Shepherd explained that the .09% rate would be used to pay for the central dispatching call center and that the .09% equaled the approximate \$580,000 Central Dispatching budget currently paid from the General Fund. Councilman Dale stated that the PSAP revenue will be

distributed to only the County unit because the County alone has the burden of funding the dispatch center. Chairman Dawes explained that this would take funding pressure off the General Fund which for several years has found it necessary to borrow from other funds in order to pay for expenditures and services until the semi-annual property tax distributions are received in June and December. Dawes explained that much of the increased expense of the General Fund is related to the courts and jail costs. He explained that the current Sheriff has been pro-active at the State level serving on a committees with other county sheriffs in an attempt to get funding assistance to meet the increased costs of jail inmate housing since this an unknown burden for the future. Councilman Mize further explained that the cash flow of the County's General Fund has been impacted for some time because of increasing criminal costs and we must find a way to address this in order to fund required services. Auditor Shepherd mentioned that there are state-mandated salaries in some departments of the General Fund that the County must pay regardless of the status of other county employees' wage increases or decreases. Shepherd stated that all local taxing units will receive additional income tax shares (revenue) from the decrease in the property tax relief percentage, but on the other hand, property tax bills may decrease because of lower assessed values and some alleviation of funding to support General Fund expenses. She stated that homesteaders will still receive the homestead deduction and the supplemental deduction from assessed values for which they qualify with the continued goal of the rearrangement of percentages to result in a minimum impact on taxpayers. The total local income tax rate will not change.

County resident Mike Ridenour (former County Council member) had prepared written comments and read those to Council. Comments are summarized for the minutes.

1. Ridenour recalled the history of income tax rate changes by Council since 2007. He stated that the goal was not to overburden the taxpayer and was initiated with the intent to match expense with tax revenue received. The newly proposed rearrangement of income tax percentages will cost all taxpayers and would be unnecessary if cuts are made to match current revenue.
2. He pointed out that Tax Consultant Darren Bates, who has been advising the county concerning income tax rates rearrangement is not a county resident and does not pay income tax in Wabash County and has advised Council to find a way to get more revenue. For several years, he has stated that Wabash County homeowners are not paying enough in tax since before 2007 because of the levy tax freeze approved by previous Council members and the "zero" tax bills that resulted. The County chose to thaw the levy so that the county could take advantage of the increase in maximum tax levy allowed by the DLGF which has increased property taxes. With the rearrangement of the percentages in income tax, the homeowner will be "hit" again.
3. He stated that other local taxing units do not seem to have a "revenue problem" but the County seems to have a "spending problem". He stated that county employees are paid very well and have many more benefits compared to

those that other county residents' jobs provide. Instead of increasing revenue, need to cut expenses and suggested decreasing county employees. He suggested that the County's contribution to employee benefits, such as PERF needs to decrease or be eliminated. If borrowing from other funds is necessary, is more revenue needed or is it just an over-spending problem?

4. He stated that County and other officials should be working together to force the county's State Representatives to pay attention to how things impact Wabash County.

5. He stated that decreasing the property relief tax percentage rate will impact homeowners the most from increased income tax contributions. He asked if Council has considered eliminating income taxes altogether and drastically cutting expenses to be able to stay within a balanced budget using existing revenue?

Chairman Dawes followed-up on Ridenour's comments. He stated that Wabash County officials have consulted with Purdue economic professor Larry DeBoer and Tax Consultant Darren Bates who have been working on these issues with many other counties. Both consultants agree that this is the best choice for increasing revenue because the percentage rearrangement does not change the total income tax rate. They also agree that Wabash County will be insolvent in the future without making some changes within 5-10 years, unless there are changes made at the State level to the entire Indiana taxing system. Dawes stated that Council recently approved the 2018 county budget and the county departments submitted "bare-bone" budgets with very little that could be reduced unless massive employee lay-offs are done which would result in cutting valuable services to the public. Dawes explained that State mandates, increasing jail costs are substantially contributing to the revenue crisis. He stated that homesteaders are paying only 3% of local income taxes, not the biggest share of the tax, as Ridenour had stated. Dawes also pointed out that the county population is aging, and those people are no longer part of the county workforce. The total county population is declining according to all economic development reports. Ridenour left the hearing at this time.

Council member Mize addressed Ridenour's comment regarding wages and benefits received by county employees. He stated that county employees are not paid more than most other employees in the county in comparable positions. He mentioned that he is trying to hire a part-time person in his office and to get a qualified person, he has found it necessary to pay more than most county employees receive. Councilman Dale stated that county employees are aging and will need to be replaced which results in increased costs in order to attract qualified employees. He stated that by giving only a minimum 1% increase in wages for 2018, it could help to insure that we continue to attract good employees. Commissioner Brian Hauptert mentioned that county employees formerly received longevity pay and that particular benefit had to be cut several years ago in order to fund other necessary expenses and has not been reinstated. He stated that this year, the Commissioners reviewed all

employee benefits for possible cuts. He reported that borrowing from other funds such as the Cum. Bridge Fund in order to bridge the cash flow gap of the General Fund until property tax distribution is received has become problematic because these funds are needed to fix and replace county bridges. Commissioner Scott Givens mentioned that because of the levy freeze, the county could not raise property taxes which resulting in zero tax bills for many county residents. He stated that Mr. Ridenour was part of that decision-making process to thaw the property tax levy because of the need for revenue to cover the increased cost of services and expenses. There were no further comments from the public.

Before any Council vote was taken on the proposed ordinance, Council member Bowman stated that he is in favor of approving the Public Safety Access Point (PSAP) income tax option but suggested decreasing the property tax relief percentage by one third (.34) for the first year instead of the one-half (.50%) percentage decrease as originally proposed. There was no comment from any other Council member on this proposal.

Mize made a motion to approve the modification of Local Income Tax (LIT) rates as stated in Ordinance #2017-85-07 as read earlier by Chairman Dawes. Curless seconded the motion and it passed by a 5-2 vote with Bowman voting against the motion because of his previous of changing the decrease in property tax rate relief. Dillon voting against the motion but did not state the reason for his nay vote. See approved ordinance below:

**COUNTY COUNCIL OF WABASH COUNTY, INDIANA
GENERAL ORDINANCE #2017-85-07**

AN ORDINANCE MODIFYING LOCAL INCOME TAX (LIT) ALLOCATIONS

On October 16, 2017, a public hearing was held to consider an ordinance (a) decreasing property tax relief rates from 1.00% to 0.50%, (b) allocating .41% to the Certified Shares, and (c) directing .09% of the expenditure rate to the Public Safety Access Point (PSAP). Proper notice of the public hearing was provided pursuant to IC 5-3.1.

BE IT ORDAINED that, effective January 1, 2018, the local income tax rate imposed within the County shall be modified as follows:

<u>Local Income Tax Type</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>
Property Tax Relief Rate (IC 6-3.6.5)	1.00 %	.50 %
Expenditure Rate (IC 6-3.6-6-10)	1.40 %	1.90 %

BE IT FURTHER ORDAINED that, as of January 1, 2018, the previously imposed expenditure rate under IC 6-3.6-6 shall be allocated as follows:

Revenue derived from the first 0.25% if the expenditure rate shall be used to provide for distributions to school corporations and other civil taxing units in accordance with IC 6-3.6-6.3. The remaining revenue shall be allocated as follows:

Allocation Rate Category	Existing Allocation %	Proposed Allocation %
Public Safety	.25%	.34%
Economic Development	.25%	.25%
Certified Shares	1.40%	1.81%

BE IT FURTHER ORDAINED that, as of January 1, 2018, the previously imposed expenditure rate under IC 6-3.6-6 shall be allocated as follows:

The expenditure rate identified above includes a rate associated with revenue to be directed to the County's public safety access point (PSAP). The expenditure rate being directed to the PSAP after adoption of this ordinance is as follows:

Local Income Tax Type	Existing Rate	Proposed Rate
Public Safety Access Point	.0%	.09%

BE IT FURTHER ORDAINED that the rates and allocations described herein shall continue in effect until rescinded or modified.

APPROVED this 16th day of October, 2017.

WABASH COUNTY COUNCIL (signatures), five in favor, two against.

Jeff Dawes	Yes	Matt Dillon	No
Randy Curless	Yes	Kyle Bowman	No
Matthew Mize	Yes		
Philip Dale	Yes		
Lorissa Sweet	Yes		

Attested by: Marcie Shepherd, Wabash County Auditor

Mize made a motion to suspend the rules that call for a second reading of the ordinance. Dale seconded the motion and it passed by a 6/1 vote with Dillon voting against the motion.

Chairman Dawes closed and adjourned the public hearing at 5:50 P.M.

The following individuals also attended the October 16th public hearing:

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

Wabash County Commissioners Scott Givens, Brian Haupert, and Barry Eppley, Attorney Mark Frantz, County Treasurer LuAnn Lehman, Nancy Wittmer, Mike Ridenour, and Wabash Plain Dealer reporter Josh Sigler.

