

RE: Tax Information Meeting with Katrina Hall

Minutes-Vermillion County Council Informational Meeting July 13, 2007

The Vermillion County Council met in the Commissioners Courtroom, Courthouse, Newport, Indiana.

Katrina Hall asked if they wanted her to go back over all the taxes and refresh their memory and Yoho said their main concern is the adoption of the county option tax. Costello said he thought we would be something like 348 short next year and we need to raise 348 more and then the next year after that its something like 792. Hall said there are the three income taxes. The first one is for the levee growth. Hall said she just go back from Washington and some folks think that this may be a little bit higher. She thinks there needs to be some reconciliation between this information and what it says it takes to replace your levees, between this and the information that was out there last month. Hall said there is some sort of reconciliation that needs to happen. She said on the August 1st one, that just replaces the levee growth, regardless if you adopt it at the rates its suppose to. They will be, she's sure, resizing it. She knows they are being encouraged to take another look at the calculation to make sure that it is correct. Hall said as far as the extension of a couple of months, the Governor's staff has apparently researched that; she has never really known or experienced anything like that so she would be somewhat cautious. Hall said you need to think about is that the state is freezing your property tax replacement credit money and so even on the levees, traditionally those have applied to the dollars within the levee limits. Even if you don't have a lot of debt, the stuff under here is not going to be supplemented anymore by PTRC. So when you have growth, whatever growth you have in your levee, those are gonna all be born by property tax payers, there is not going to be any redistribution of sales tax. Yoho asked if the public safety money be used to fund our current jail situation. Hall said yes, to build or operate a jail or a juvenile detention center. Yoho said they are going to have some major things going on here one of these days. Hall said this is a pretty flexible tax and you would need to share it somewhat with Clinton and Cayuga. You would share a little bit of that. Hall said for you it would be about 700,000.00, a quarter of 2.8 million. They are saying that a penny of income tax would raise about 2.8 million. Cheesewright said 1 cent in this county would raise 2.8 million and Hall said that is what they say. Cheesewright said it seemed high to him. Hall said to remember of the CAGIT they are collecting, your only keeping about half of it. Cheesewright said the CAGIT is just .01, the smallest amount and they raised \$300,00.00. Hall said if they had COIT and Costello said, no they just have EDIT. Hall said she forgot that. Costello said some people think it is a bad thing that we don't have more taxes, but its not really. Hall said she now remembers this and apologized for not remembering. Hall said they have a lot of options available to

them not just the new ones, the old ones as well. That is also something to think about. Yoho said they need to adopt something where only so many fingers can get into it. She said you have to share some of the Public safety but that is the only one in this new scenario that is new money. You have to adopt something in the other two in order to get that. That would be the one where you would retain the most money unless you went for some sort of a special income tax. Costello said if we adopted that one, does that then free up that money that we are now paying out of jail and those kinds of things that we can put other places and Hall said yes. She said they are in a good position because they have a very low rate right now. Some counties have a higher rate now and are a bit worried and its legitimate. Hall said this whole thing and these opportunities are really putting tax policy in your hands. Its not any different, honestly, than what has been available to you in the past because really you had the opportunity all along. Hall said she doesn't think you have to go back and do the other ones but that would be available to you if you decided you wanted to do that. Costello asked why don't they do something with the sales tax or something, some counties have it, why are we not allowed that ability? Hall said they could do that because they want to collect, reserves that one revenue stream for themselves. They do collect state income taxes and any of that comes back to you and you would come out better for the most part with that scenario because your not necessarily a retail center. Costello said, so basically its either raise taxes or raise taxes, or cut services. Hall said yes. Cheesewright asked if we should consider raising the EDIT tax, we could do that. Hall said, yes they could do that, raise EDIT higher and you can use that for anything you can bond for. The law says you can spend EDIT on anything; you can supplement the county budget. Hall said that is an option that you have. Costello said, so we need to revise the EDIT plan before we considering raising it. Hall said you certainly need to have a plan before its time to distribute. Hall said in order to get it; you need to at least do a little bit of the others, both of the others. Darnell asked how much involved would the commissioners be in the other two taxes and Hall said they have no involvement in the new taxes because the first two, the one which is just the levee growth, is just a formula that feeds through and honestly that will be a pretty seamless thing. Hall said instead of your property taxes growing, your budget is going to have a supplement, which it doesn't have now. It's going to have a supplement from Local Options, and you are probably not going to know the difference and neither is any other unit. It's just a difference of where the money comes from. Ha

Mattick made a motion to adjourn, seconded by Daniels.

Read in full and approved by the Vermillion County Council on the 13th day of August 2007.

John Yoho

Fred Daniels

Lavonna Mattick

Randy Dreher

John Cheesewright

Mike Costello

Jerry Hawkins

Attest: _____
Sherrie A. Koma, Auditor