

**PULASKI COUNTY COUNCIL**

The Pulaski County Council met in Special Session Monday October 21, 2019 at 7:00pm at the Pulaski County Highway Department training room. Those present were Jerry Sullivan, Michael Tiede, Ron DeSabatine, Scott Hinkle, Ken Boswell, Brian Young, Kathi Thompson, and Auditor Laura Wheeler

Also in attendance were Wade Wake, Mackenzie Ledley, Nathan Origer, Jeff Peters, Virginia Kennedy, Joe Moyer, Jerry Locke, John Masterson, Delilah Jordan, Jim Jordan, Renita Potthoff, Jon Chapman, Chris Schramm, Mike McClure, Terry Young, Susie Schultz, Sean McGill, Pat Healey, Belinda Healey, Michael Gallenberger, Rudy Anderson, Rick Mynark, Emma Myers, Don Darda, Jenise Barnhouse, Laura Bailey, Jackie Kiser.

President Jerry Sullivan opened the meeting with the Pledge of Allegiance.

The purpose of the Special Session was to discuss the following Local Income Tax (LIT) ordinance:

**ORDINANCE OF THE PULASKI COUNTY, INDIANA, COUNTY COUNCIL  
PULASKI COUNTY ORDINANCE NO. 2019-06**

WHEREAS IT IS IN THE INTEREST OF THE COUNTY COUNCIL OF PULASKI COUNTY, INDIANA ("THE COUNCIL") TO ENSURE THAT ADEQUATE REVENUES ARE GENERATED FOR THE EFFECTIVE OPERATION OF THE PULASKI COUNTY GOVERNMENT ("THE COUNTY") AND TO DO SO IN A MANNER THAT DIMINISHES THE BURDEN ON RESIDENT WAGE-EARNERS AND IN A MANNER THAT PROVIDES ADDITIONAL REVENUES TO TAXING ENTITIES WITHIN PULASKI COUNTY THAT HAVE LOST REVENUES ON ACCOUNT OF THE COUNTY'S PAST PROPERTY-TAX MAXIMUM-LEVY FREEZE;

WHEREAS A 1.18% COMPONENT OF THE COUNTY'S 3.38% LOCAL INCOME TAX ("LIT") RATE IS DEDICATED TO PROVIDING PROPERTY-TAX RELIEF ("PTR") PURSUANT TO INDIANA CODE ("IC") 6-3.6-5, WITH A 1.00% RATE (84.746% OF TOTAL PTR LIT REVENUE) CURRENTLY RELIEVING 16.372% OF ALL ALLOCATION CATEGORIES' PROPERTY TAXES UNDER IC 6-3.6-5-6(D), AND A 0.18% RATE (15.254% OF TOTAL PTR LIT REVENUE) CURRENTLY RELIEVING 19.793% OF 1%-ALLOCATION-TYPE HOMESTEAD PROPERTY TAXES UNDER IC 6-3.6-5-6(D)(1) AND IC 6-1.1-20.6-7.5;

WHEREAS A 0.40% COMPONENT OF THE COUNTY'S LIT RATE OFFSETS REVENUES LOST TO THE PAST PROPERTY-TAX MAXIMUM-LEVY FREEZE, AND THIS COMPONENT HAS A MAXIMUM ALLOWABLE RATE OF 1.00% PURSUANT TO IC 6-3.6-11-1; AND

WHEREAS, WITH APPROVAL FROM THE INDIANA DEPARTMENT OF LOCAL GOVERNMENT FINANCE ("DLGF"), THE COUNCIL HAS THE AUTHORITY TO ADJUST THE PULASKI COUNTY LIT RATE AND THE AMOUNT OF PTR PROVIDED BY LIT REVENUES TO PROPERTY TAXPAYERS,

**NOW THEREFORE BE IT ORDAINED THAT**, THE COUNCIL HAVING PROPERLY ADVERTISED, ON 9 AND 10 OCTOBER 2019, AND CONDUCTED, ON 21 OCTOBER 2019, A PUBLIC HEARING REGARDING THE AFOREMENTIONED MATTERS:

1. THE PULASKI COUNTY LIT RATE SHALL DECREASE TO 3.30% EFFECTIVE 1 JANUARY 2020 AND THEN, PURSUANT TO IC 6-3.6-7-18 AND NOTWITHSTANDING ANY ACTION TAKEN IN 2020, TO 3.00% EFFECTIVE 1 JANUARY 2021;
- 2A. THE PTR COMPONENT (IC 6-3.6-5) OF THE PULASKI COUNTY LIT RATE SHALL DECREASE FROM 1.18% TO 0.50% EFFECTIVE 1 JANUARY 2020;
- 2B. WITHIN THE PTR COMPONENT, THE RATE DEDICATED TO PROVIDING RELIEF TO ALL ALLOCATION CATEGORIES PURSUANT TO IC 6-3.6-5-6(D) SHALL DECREASE FROM 1.00% TO 0.20% (40% OF TOTAL PTR REVENUE), THEREBY DECREASING THE SHARE OF ALL ALLOCATION CATEGORIES' PROPERTY TAXES RELIEVED THEREBY FROM 16.372% TO AN ESTIMATED 3.274% (BASED ON 2019 ASSESSED VALUATION), EFFECTIVE 1 JANUARY 2020;
- 2C. WITHIN THE PTR COMPONENT, THE RATE DEDICATED TO PROVIDING 1%-ALLOCATION-TYPE HOMESTEAD RELIEF PURSUANT TO IC 6-3.6-5-6(D)(1) AND IC 6-1.1-20.6-7.5 SHALL INCREASE FROM 0.18% TO 0.30% (60% OF TOTAL PTR REVENUE), THEREBY INCREASING THE SHARE OF HOMESTEAD PROPERTY TAXES RELIEVED THEREBY FROM 19.793% TO AN ESTIMATED 32.990% (BASED ON 2019 ASSESSED VALUATION), EFFECTIVE 1 JANUARY 2020;
- 2D. THE ADJUSTMENTS TO THE PULASKI COUNTY PTR LIT RATE COMPONENTS ADDRESSED IN 2B. AND 2C., ABOVE, ARE TO BE MADE SO AS TO MINIMIZE THE IMPACT ON THE PROPERTY-TAX BILLS OF HOMESTEADERS, WHO, BEING HOMESTEADERS, ARE, IF THEY EARN TAXABLE INCOME, SUBJECT TO PULASKI COUNTY'S STATE-HIGHEST LIT RATE;
3. THE LEVY FREEZE COMPONENT OF THE PULASKI COUNTY LIT RATE (IC 6-3.6-11-1), DEDICATED TO OFFSETTING REVENUES LOST TO THE PREVIOUS FREEZE OF THE PULASKI COUNTY PROPERTY-TAX MAXIMUM LEVY, SHALL INCREASE FROM 0.40% TO 1.00% EFFECTIVE 1 JANUARY 2020; AND
4. COPIES OF THIS ORDINANCE SHALL BE FILED WITH THE DLGF, THE PULASKI COUNTY AUDITOR, THE PULASKI COUNTY ASSESSOR, AND THE OFFICES OF ALL TAXING UNITS WITHIN PULASKI COUNTY.

**EXISTING AND PROPOSED PULASKI COUNTY PTR LIT REVENUE ALLOCATIONS**

	<b>EXISTING RATE</b>	<b>PROPOSED 2020 RATE</b>	<b>ANTICIPATED 2021 RATE</b>
LIT BASE	1.00%	1.00%	1.00%
LIT LEVY FREEZE (IC 6-3.6-11.1)	0.40%	1.00%	1.00%
LIT ECONOMIC DEVELOPMENT	0.25%	0.25%	0.25%
LIT PUBLIC SAFETY	0.25%	0.25%	0.25%
<b>LIT EXPENDITURE RATE SUBTOTAL (IC 6-3.6-6)</b>	<b>1.90%</b>	<b>2.50%</b>	<b>2.50%</b>
LIT PTR – ALL ALLOCATION CATEGORIES (IC 6-3.6-5-6)	1.00%	0.20%	0.20%
LIT PTR – 1% HOMESTEAD (IC 6-3.6-5-6(d) AND IC 6-1.1-20.6-7.5)	0.18%	0.30%	0.30%
<b>LIT PROPERTY TAX RELIEF SUBTOTAL (IC 6-3.6-5)</b>	<b>1.18%</b>	<b>0.50%</b>	<b>0.50%</b>
LIT SPECIAL PURPOSE RATE – JUSTICE CENTER (6-3.6-7-18)	0.30%	0.30%	0.00%
<b>LIT SPECIAL PURPOSE RATE SUBTOTAL (IC 6-3.6-7)</b>	<b>0.30%</b>	<b>0.30%</b>	<b>3.00%</b>
<b>LIT TOTAL RATE</b>	<b>3.38%</b>	<b>3.30%</b>	<b>3.00%</b>

EXISTING AND PROPOSED PULASKI COUNTY PTR LIT REVENUE ALLOCATIONS

	EXISTING PERCENTAGE OF REVENUE	PROPOSED 2020 PERCENTAGE OF REVENUE
LIT PTR - ALL ALLOCATION CATEGORIES (IC 6-3.6-5-6)	84.746%	40.0%
LIT PTR – 1% HOMESTEAD (IC 6-3.6-5-6(D) AND IC 6-1.1-20.6-7.5)	<u>15.254%</u>	<u>60.0%</u>
TOTAL	100%	100%

  

	EXISTING PERCENTAGE OF TAXES RELIEVED	ESTIMATED 2020 PERCENTAGE OF TAXES RELIEVED
LIT PTR - ALL ALLOCATION CATEGORIES (IC 6-3.6-5-6)	16.372%	3.274%
LIT PTR – 1% HOMESTEAD (IC 6-3.6-5-6(D) AND IC 6-1.1-20.6-7.5)	<u>19.793%</u>	<u>32.990%</u>
TOTAL	36.165%	36.264%

Pulaski Council financial advisor, Jeff Peters of Peters Financial talked about the published ordinance that reflects five basic public policy decisions.

1. Dropping the LIT rate from 3.38% to 3.30%.
2. Increasing revenue and decreasing budget to create better balance through a re-configuration of LIT.
3. Increasing the levy freeze from .4% to 1.0%.
4. Decreasing Property Tax Relief Credit.
5. Property tax credits are reallocated to minimize the impact.

Local Income taxes as well as Property taxes discussed at length.

Darrin Bates of Data Pit Stop who works with 62 other counties in Indiana has done a LIT analysis on Pulaski County data. By using a spreadsheet, Bates showed the effect of the proposed ordinance and suggested a few other configuration possibilities.

Bates explained that homeowners are producing 65-70% of the County’s Property tax revenue, which is extremely unique as most County homeowners produce 18-25%, but the majority of those Counties have industry.

Many questions and more discussion pursued.

Sean McGill of Baker-Tilley (Umbaugh) appeared on behalf of the Town of Winamac and Pulaski County Public Library and asked that the Council pursue passing the ordinance tonight stating that fiscal struggles are not limited to the County but local units are grasping for additional revenues.

**IN RE: PUBLIC COMMENT**

Comments from the public included but not limited to:

Who is most affected by the change?

There is always a loser when there is a tax restructuring.

A reminder that what is on the table is an increase in tax revenues. If this ordinance is passed tonight, the County wins, the income-owner who lives in this County is basically net neutral, but property owners lose. Property tax revenues have been stagnant for the last 1 to 2 decades, are in the bottom 25% of the State, and this deflated rate has been subsidized by income tax payers.

Courthouse financing discussed briefly. State Representative Doug Gutwein announced that he would prepare the necessary documents to keep the current .3% tax in place for Courthouse renovations, and the County Council would vote on the documents for legislative review in January 2021.

Mackenzie Ledley Pulaski County Public Librarian; Renita Potthoff, Director of Monterey Library; and Sally Sharpe, Director of the Francesville-Salem Public Library all made statements in favor of the proposed ordinance and encouraged Council to vote yes.

Ken Boswell commented in favor of the proposed ordinance and motioned to adopt the ordinance as presented with Kathi Thompson seconding.

Further discussion pursued with Mike Tiede, Jay Sullivan, Scott Hinkle, and Rudy DeSabatine questioning the other options available.

With a motion and second on the table, a vote was taken with Kathi Thompson, Brian Young and Ken Boswell in favor of passing the ordinance and Scott Hinkle, Ron DeSabatine, Mike Tiede and Jerry Sullivan opposed. Motion failed.

OCTOBER 21, 2019

PULASKI COUNTY COUNCIL

SPECIAL SESSION (CONTINUED)

Mike Tiede made a motion to adjourn at 8:58pm, Ron DeSabatine seconded and motion carried unanimously.

Signed and dated this 9<sup>th</sup> day of December 2019

**PULASKI COUNTY COUNCIL**

\_\_\_\_\_  
Jerry Sullivan

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Michael T Tiede

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Scott Hinkle

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Kenneth Boswell

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Ronald DeSabatine

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Brian Young

\_\_\_\_\_  
Kathleen Thompson

ATTEST: \_\_\_\_\_  
Laura M Wheeler, Pulaski County Auditor