

CITY OF WEST LAFAYETTE
COMMON COUNCIL
SPECIAL MEETING MINUTES
March 16, 2006

The Common Council of the City of West Lafayette, Indiana, met in the Council Chambers at City Hall on March 16, 2006, at the hour of 5:00 p.m.

Mayor Mills called the meeting to order and presided.

Present: Griffin, Hunt, Keen, O'Callaghan, Truitt

Absent: Plomin, Satterly

Also present was Clerk-Treasurer Rhodes

NEW BUSINESS:

Resolution No. 7-06 A Resolution To Cast The Votes Of The City Of West Lafayette On The Tippecanoe County Income Tax Council On The Increase Proposed By The Tippecanoe County Council (Prepared by the City Attorney)

Mayor Mills said we are here today, as you all know, to discuss the county option inventory reduction replacement that the County Tax Council has already voted on and approved. And we, as having a certain number of votes on the County Tax Council, also need to address this issue and make our recommendation. I think you got quite a bit of information already in the last few weeks. I'll just start with just a bit of background. I think you all know that this tax-restructuring bill in 2002 eliminated the property taxes on business inventory, and that is why we are having to address this today. That bill allowed a 100% deduction from the assessed value of inventories starting in 2006, and of course, it was done to encourage economic development in the State, through business development in the community. But, removing that business inventory from taxation, raises property tax rates for everyone else, if we continue to collect the same amount of tax revenue. So you got information from Ann [Councilor Hunt] that Dave Luhman [County Attorney] and Bob Plantenga [County Auditor] supplied us. And you also got a great deal of information from the Clerk-Treasurer. She gave, I think, an excellent web site, Larry DeBoer has at Purdue, with a lot of background information. So I hope you all took time to read that. The County Income Tax Council resolution is, of course, an attempt to mitigate the impact of the increase on property tax on homesteads. And the suggestion is to do that by raising the EDIT rate in the County. I think you all know that the COIT and EDIT rate combined now for Tippecanoe County is 1.0%. 0.4% of that is the EDIT rate, and this new tax would raise that by 0.1% so the total combined rate would be 1.1%, instead of 1.0%. That will mean that businesses with substantial inventories will have tax reductions, and it will mean that other people will have tax increases, of course, because of those reductions. So I think either way, our homeowners will feel an increase. They are going to feel an increase in EDIT rates, so they'll have an income tax increase of 0.1%. I don't think there is any way around that. But I think it's our discussion today should be whether we agree with that, raising the income tax 0.1% in the County, and then, if we do agree with that, how we think those moneys should be disbursed to the government entities. So do we want to have a little discussion? I think we have maybe one person who might be interested in commenting, but we'll have a little discussion before we start. Anybody with thoughts?

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Councilor Hunt said could I ask just an editing question? Several of us went to a meeting of the County Council earlier this month or maybe it was in—and I don't know if that's the meeting that was referred to in this March 14, because it was weeks ago, or maybe that means when the ordinance goes into effect. On the first "Whereas" there's a March 14. I don't know what that date means.

Councilor O'Callaghan said well, they said they had to change the resolution, and that's why they suggested that we wait until after March 14.

Councilor Hunt said okay, so it is not the date they voted. Okay.

Councilor O'Callaghan said right, they changed it.

Councilor Hunt said I was just puzzled because I was at that, and I knew it wasn't two days ago. Thank you.

Mayor Mills said are other questions? Have everyone had the chance to look at some of the information that you've gotten? I think that you'll see for us in West Lafayette the shift of property tax, since we don't have a great deal of inventory, business inventory, about \$15.5 million in West Lafayette, that the shift to residential property taxes is fairly minimal, compared to Lafayette who has a great deal of business inventory. And so their ability to make up that difference is going to be much different than what we have in West Lafayette. I think you've all had those numbers. I will go over them if you want. Otherwise, comments, questions?

Councilor O'Callaghan said I think it might be good to do those numbers, just a little bit for the record. I think that that is helpful.

Mayor Mills said well, and I'll just point out a few things that I wrote down. Our assessed valuation is about \$1.165 billion. Lafayette is \$3.427 billion. So you can see the difference. Our inventory AV is, like I said, \$15.5 million, theirs is \$430 million. Homestead dollars that we need to replace that is \$87,060, and they need \$1.5 million, so you can see that we're talking about a different situation in our City, and of course that's due to the fact that we don't have a lot of business inventory. We don't have the big industrial base that Lafayette does. I think Judy [Clerk-Treasurer Rhodes] provided you with a breakdown that said that if the property tax shift, that \$87,000, is divided among out 3,600 homeowners, that's about \$24 a homeowner. It's pretty minimal. Theirs, of course, I didn't calculate that out, but theirs would be greatly more than \$24 a homeowner.

Councilor Truitt said so our vote this evening is voting on whether we support the move from property tax reliant to income tax?

Mayor Mills said well, it's a vote of whether we support using that increase in income tax to offset the loss of the inventory property tax.

Councilor Truitt said do we also talk about allocated and uniform?

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Mayor Mills said we do. But first we need to decide whether we support it, and then, yes, we need to decide whether you think it should be done in a uniform way, which means that everyone in the County gets the same amount of homestead credit percentage, regardless of the inventory, or whether you think it should be allocated, and that means that each taxing district would get the funds that they need to neutralize that impact from the loss of inventory. The County Council voted for the allocated disbursement.

Councilor O'Callaghan said but the only thing for us to vote on is the resolution, and the resolution is just—

Mayor Mills said is for allocated. Right?

Councilor O'Callaghan said I didn't see that in the resolution.

Councilor Keen said I didn't see that in there, either.

Mayor Mills said well, it's in theirs, but—

Councilor O'Callaghan said what I saw was that the resolution was to, indeed, adopt the County Income Tax to make up the difference for the inventory tax that's being abolished. But I didn't see in the resolution itself—

Councilor Keen said it does say allocated. Under "Be it further ordained" on page 2.

Councilor O'Callaghan said "further ordained that the distribution shall be pursuant to..." Okay. Thank you. I have that underlined.

Councilor Truitt said that last "further ordained" always gets you.

Councilor O'Callaghan said yes.

Mayor Mills said questions? Comments?

Councilor Truitt said I think, for the record, I think any opportunity that we have to move from our reliance on a property tax situation is something to look into. I think Dr. DeBoer's statements that Judy [Clerk-Treasurer Rhodes] had forwarded to us and that were here today talked a lot about the economic development impact that I think is positive. I like the idea of, hopefully, if that money transfers over to higher wages, I like that thought process. I think my passion sits with the methodology behind how that will take place. Since we're going to talk about that later, I will leave that comment, which is pretty straightforward, to a later time, I guess. That's the way I feel.

Mayor Mills said other comments?

Councilor O'Callaghan said I also appreciated the information on Dr. DeBoer's website. I didn't see it here tonight, but—

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Councilor Truitt said it's right here.

Councilor O'Callaghan said I didn't see it at my place.

Councilor Truitt said oh, was that mine? Maybe that was— I guess it's highlighted, so that's mine.

Councilor O'Callaghan said okay.

Clerk-Treasurer Rhodes said I didn't reprint—

Councilor Truitt said that's fine. I thought— This is mine highlighted, so obviously you didn't highlight it, or someone didn't highlight it.

Councilor O'Callaghan said and that website wasn't up today. It was last night, so I got some of it last night, but today when I wanted to do some more, it was not there. But I certainly did appreciate his comments about how eliminated inventories from assessed valuation means that property tax rates will rise, and adopting added homestead credits offsets property taxes for homeowners. And how it helps in economic development, that it creates more jobs and therefore employee incomes would rise. And also, in effect, some of the property tax cut that businesses receive is passed on to employees then in higher wages, and the competition to get new and expanded opportunities for business and also then, hopefully, passed on to the consumer, in terms of reducing prices. So there certainly are benefits to the inventory tax relief. The downside is that we have to make up that income someplace else.

Mayor Mills said some way, that's right.

Councilor Griffin said so if we look at page 4 of the EDIT homestead credit and towards the bottom there, line 64 represents our rates, right?

Clerk-Treasurer Rhodes said are you referring to the County Auditor's spreadsheet?

Councilor Griffin said the County Auditor's spreadsheet, yes.

Clerk-Treasurer Rhodes said page 4.

Councilor Griffin said page 4. This came up in Budget and Finance a week or so ago, we were discussing that. Could we clarify that the different areas that lines 64 through 70 represent, the portions of—

Clerk-Treasurer Rhodes said I would like to bring out, if I may, the map? Would that be helpful?

Councilor Griffin said anything that would help.

Clerk-Treasurer Rhodes said if I may be excused for one moment.

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Councilor Griffin said these represent the taxing districts that we discussed. Are they acronyms there after it says "West Lafayette" in 64 through 70, and so we got 64 and 68 represent the West Lafayette School System, B was for—?

Councilor O'Callaghan said Bus.

Councilor Truitt said CityBus.

Councilor Griffin said for Bus, that's right. And then the last one was the Library.

Councilor O'Callaghan said West Lafayette Library or County?

Councilor Griffin said versus County, right. So—

Clerk-Treasurer Rhodes said this was the visual that was prepared for the meeting on TIF, and it was prepared by the Department of Development. Jim Everett created it off the GIS system. The districts shown here, if I may, rather than pass this down, the light green one is most of the City, and that's District 64, which is the West Lafayette School Corporation and the West Lafayette Library. Do you wish me to proceed?

Councilor Griffin said did everybody— or maybe this is not important.

Several Councilors said no.

Councilor Griffin said yes, I want you to proceed, yes.

Clerk-Treasurer Rhodes said the orange one is 66, it's our smallest taxing district, Tippecanoe School Corporation, West Lafayette Library. The light yellow, which is basically the area north of Cumberland, except for this portion in the older part of University Farms is 68, West Lafayette School Corporation, County Library. Finally, the salmon colored is 70, that's the Tippecanoe Public Library—that's Blackbird coming up to Great Lakes, and north here is Arbor Chase, West Port.

Councilor Hunt said what was the salmon?

Clerk-Treasurer Rhodes said salmon is District 70.

Councilor Hunt said okay.

Councilor Griffin said thank you, Judy [Clerk-Treasurer Rhodes], for clarifying that for us all.

Councilor Hunt said that helps.

Councilor Keen said I guess I had just one thought on the whole process.

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Mayor Mills said sure.

Councilor Keen said I have kind of a problem with this whole process of offsetting taxing. You know, for years, Lafayette and the higher inventory held areas have reaped the benefits of this taxing, and now to shift that because of the reduction in the inventory tax, I don't know that that is what I would agree with. The whole premise of the reduction in the inventory tax to begin with was to stimulate economic growth, and I think that we are beginning to see that through Toyota and other things that are happening. I guess I would rather wait and just let economic development take care of itself and not put this burden back on us, where— I mean, just let the economic development do what it's supposed to do.

Councilor O'Callaghan said so not do any replacement? Is that—?

Mayor Mills said well, saying that, do you realize that people's property taxes will go up, because if you are going to maintain the levy that you have, you have to replace that with something, or you have to freeze your levy. I mean it's more than freezing your levy, you won't be able to raise the revenue without somebody taking a bigger share.

Councilor Truitt said Gerry [Councilor Keen], are you focusing on where the share is going to come from, or are you still talking the whole concept?

Councilor Keen said I'm still talking the whole concept. But the idea of where it's coming from, too, whether it's going to be allocated or—

Mayor Mills said uniform.

Councilor Keen said uniform.

Councilor Truitt said but from a financial standpoint, I mean, it's going to happen, so like the Mayor said—

Councilor Keen said I understand that.

Councilor Truitt said we can—

Councilor Keen said I understand that. I'm just making a point.

Councilor O'Callaghan said but it is true that we don't have to raise the tax rates when the local option inventory deduction is adopted. If we don't, then revenues will decline, because the lost revenues from taxes on inventories are not replaced. So we can either do that, not do anything and then revenues will decline, or we can adopt the local homestead credit to provide relief for the homeowners. If we did that, then we would need to replace that with the local income tax.

Councilor Keen said well, I don't agree with the idea of doing the allocated increase in the homestead credits on this.

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Councilor Truitt said that's for sure.

Councilor Keen said I think if we're going to do this, it needs to be uniform. I guess that's my biggest—

Councilor Truitt said is this kind of— If I understand this little chart here, we've voting our 19 votes right now?

Mayor Mills said right.

Councilor Truitt said so it's kind of—

Councilor O'Callaghan said a moot point.

Councilor Truitt said it's kind of a moot point a little bit here, because they have 76%, the County and Lafayette. Am I understanding this process correctly?

Mayor Mills said that's true.

Councilor Truitt said okay.

Councilor O'Callaghan said and I guess I'd also point out that the County is—the dollars needed for them to neutralize the inventory deduction is \$176,000, so that's twice as much as ours, but it's still a factor of an order of magnitude less than Lafayette—

Mayor Mills said right.

Councilor O'Callaghan said and yet they have already adopted the allocated.

Mayor Mills said and I guess, from my perspective, you know, we are so proud of the fact that we do things as a community, that we do economic development as a community, we have one economic development corporation for the County. We tout our Hilltop-to-Hilltop and all the things that we do so well together, and we have a County Tax Council to address these kind of issues that are made up of all the members, all the municipalities in the County, the townships. To me it is a community issue. It's not what is best just for the City, because we may not have Subaru or some of the other big industry in Lafayette, but we benefit greatly from those. You know, our community benefits. The economic climate of our community is what it is because Lafayette has those big industries within their city limits. So my question is, to you, do you think it's fair for the homeowners in Lafayette, simply because of the neighborhood they live in, to be—what do I want to say?—to be, you know, certainly taxed in the greater percentage, but to be—

Councilor O'Callaghan said penalized.

Mayor Mills said yes, to be penalized for where they live, when really it's a community-wide issue.

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Councilor Griffin said okay. I think that there have been— First of all, it is what we vote on here is really going to be symbolic, because, as we know, we would anticipate that— well, there's no anticipation about it. Our impact on the outcome is going to be minimal, if nil. And so I think what we do here is more symbolic and we have been working for several years through, as the Mayor has said, economic development, the Hilltop-to-Hilltop, and Tippecanoe County, Lafayette, and West Lafayette have all benefited from this. And I think we need to be sensitive to moving these things forward, with all of us working towards the same outcome. Truly, I would rather not say to the citizenry of West Lafayette that, on average, your property tax is going to go up another \$24. I'd rather not say that, but I think that we need to explain, my feeling is that we need to explain that, if all of us will carry this burden in the fashion that we would, with that kind of minimal change for us, it is something that the benefit is going to come, not just to Lafayette, but the benefit is going to come, as it has been coming, to all three governing areas. The benefits are going to come to the people who live in any of those areas economically. I think that, if we say, if we vote contrary to Lafayette, I think that we're, maybe to use a little bit of a coarse term, but we're sort of thumbing our nose at Lafayette, and saying that these things that we've been doing together for the past several years to improve both cities and the County are right now not important, because we don't feel that we can explain to our property owners that, on average, their property tax is going to increase by \$24.

Mayor Mills said and let me just say that don't lose sight of the fact that we're really talking about what the income tax is going to do, not the property tax. The income tax is going to be increased on everyone's income 0.1% when we do this. Now, how that money is distributed to offset—

Councilor Griffin said yes, right.

Mayor Mills said is what we're talking about with allocated and uniform.

Councilor Truitt said and I understand everything Councilor Griffith is stating and, however, I'm looking at it from an individual taxpayer's perspective, and from a subsidy type mindset, I think. Judy [Clerk-Treasurer Rhodes] did a nice talk at our Budget and Finance Committee, talking about trash fees, for example, and a way to generate some extra revenue *per se*. There's a lot of different ways. I don't like the idea of subsidizing and having that type of mentality in regard to our constituencies inside of West Lafayette. Actually, I've been quite amazed at the number of people that have grasped this idea and have sent some emails—not quite as many as the smoking, thank goodness—but I'd say maybe eight emails on this that shared that theme right there. But I understand the community topic. I just don't think— I'm in favor of the approach, but I'm not in favor of the allocated version. I just don't think it's fair to our taxpayers.

Mayor Mills said so you would prefer to see everyone's property tax homeowner's credit offset at exactly the same rate, regardless of property tax bill?

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Councilor Truitt said I'd like to see, since it's going to be based on the inventory ratio, based on the cities', I'd like to see the city that got the biggest benefit out of it figure out, just like any other municipality would have to do. I mean, the trash fee is a great example, they don't do it. I mean, that would fill their gap. So, yes, if looking at the two choices, yes, that's what I'm saying. So I prefer the uniform. And I think you saw the reaction of the Lafayette City Councilors at that meeting. I mean, of course, I would be just the same in regard to reaction at that meeting, if we were flipped in regard to that, and our balance of what they have to deal with in their financial situation. They were protecting their constituencies, just like I feel that at least me, personally, in doing it from that standpoint.

Mayor Mills said other comments? Councilor O'Callaghan.

Councilor O'Callaghan said I guess just to clarify again, to make sure that everybody is clear, that we are indeed talking about the same income tax increase. So it would be the same impact to our taxpayers, whether we do it uniform or allocated. And that is about \$24 on \$30,000 income. Is that what your numbers say?

Mayor Mills said yes.

Clerk-Treasurer Rhodes said may I speak.

Mayor Mills said yes.

Clerk-Treasurer Rhodes said because you're quoting a number that was on one of the worksheets I provided. I simply took the total estimated revenue loss if the tax rate was not increased for West Lafayette. This was based on the Auditor's use of '04 pay '05, so we know it's just an estimate, of \$87,000 approximately, and I divided it by the approximate number of homes we have in West Lafayette, 3,600, to point out that, if we were just going to divide it evenly among the homeowners, since we seem to be focusing on them, that's an increase of \$24 a homeowner, and that an EDIT tax to raise \$24 with a—now it's a 0.01% EDIT tax—would be raised with an income of \$24,000. The sheet I had here was originally based on the 0.008%, and I was just trying to illustrate for you that we're talking about two different forms of taxation, one on income, one on property.

Councilor O'Callaghan said so it is—

Clerk-Treasurer Rhodes said it was just meant to give you an idea, if you were a homeowner and it was spread evenly, you'd see a \$24 increase, and if you had an income now of more than \$24,000, your income tax would be greater than your credit in your property tax. But of course, the Auditor has subsequently run sheets that can show you how it varies by taxing district. We discussed those. It ranges from \$0.09 on a \$100,000 net assessed valuation home in West Lafayette to \$20.86, and I'm quoting from the Auditor's sheet.

Councilor O'Callaghan said I guess what I wanted to make clear was that it is indeed a 0.1% economic development income tax. That would be the same, no matter whether it's uniform or allocated.

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Councilor Truitt said that is correct.

Councilor O'Callaghan said and can we get an idea about how much that would impact our—it would just be 0.1% of their income. So if anybody is interested in West Lafayette how it would affect them, it would be 0.1% of their income.

Clerk-Treasurer Rhodes said 0.01%.

Councilor O'Callaghan said 0.01% of their income. Correct?

Clerk-Treasurer Rhodes said that is correct.

Councilor O'Callaghan said 0.01% of their income, no matter how we allocate it.

Councilor Truitt said right.

Councilor O'Callaghan said thank you. I just wanted to get that very clear.

Mayor Mills said other comments?

Councilor O'Callaghan said I would like to hear if there is any public comment.

Mayor Mills said yes, let's do that. We'll open the public hearing for this. Please give us your name.

Mr. Phil Rawles [3220 Dubois Street] said I'm representing the public today. This is one of the first things that has really caught my eye. I pay a lot of attention, but this is the first one that really caught my eye and made me jump up and say, "Wait a second. What's going on here?" The way I view this is over the years, Lafayette has had an advantage, because of this inventory tax. They've had this advantage, and because of that, they've had lower tax rates. People who've looked at moving to West Lafayette, that's always one of the reasons why they say they don't want to move to West Lafayette, it'd be at a higher tax rate. I have friends who've moved to this side of the River and they complain about having to pay for trash. With the elimination of the inventory tax, we have not seen Lafayette getting penalized. I take high offense to that term. We have seen a leveling of the playing field. They are now in the same position that we are in, okay? So now then, everybody's playing by the same rules. They no longer have that advantage that we do not have. Personally, I would have preferred to have left it the way it was. Let them figure out how to deal with their problem, we'll figure out how to deal with our problem. It appears that that's already been decided, so now we have this 0.01% percent that we're going to have to pay one way or another. I don't have a problem paying for City services, I don't have a problem paying my taxes. I do have a problem subsidizing Lafayette homeowners to get money recouped, so they don't have a tax increase. Why should I, because of where I live, have to subsidize them and prevent them from taking on a burden that would merely equal the burden that I have? That doesn't seem to be an equitable solution. If I look at this correctly, the two choices that are here in front of us are we can

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do a uniform distribution or we can do this allocated distribution. It's going to be Economic Development Income Tax money. So if we vote for uniform, that money stays and we get a larger percentage of the money back to us. Basically, the income tax from the people who live in West Lafayette will come back to West Lafayette. If we do allocated, the income tax money from West Lafayette will, in effect, go to Lafayette. I don't see how we can vote for that second option. That is not serving the constituents that elected you. The people of Lafayette did not elect you. They did not elect you to take care of them and to serve as their government. We did. And I think that you need to send a message to the people that, even if it is symbolic, even if the County is going to overrule between Lafayette and the County, they have enough votes that it's not going to matter. You need to send a message that says, "No, we represent our constituents. We do what is best for them."

Mayor Mills said thank you. Other comments? Anyone else?

Clerk-Treasurer Rhodes said am I allowed to speak now?

Mayor Mills said certainly.

Clerk-Treasurer Rhodes said am I allowed to speak from here, or do I need to go to the podium.

Mayor Mills said here.

Clerk-Treasurer Rhodes said is it all right if I can speak from here?

Mayor Mills said you can speak from here.

Clerk-Treasurer Rhodes said over the past years, when we've been working on the budget, we have been discussing the fact that the amount of tax revenue available to Lafayette per capita compared to West Lafayette is quite different. We even refer to that when we were having conversations during our Strategic Planning Process, the Forum. One of the reasons why that is so different, and the ratio is over 3 to 1 in Lafayette's favor, is because of the fact they've been able to expand their tax base annex a commercial AV, and able to increase their levy. The increase in their levy has also allowed them to capture a greater percentage of the income tax revenue. They've had the advantage of being able to manage their municipality with over three times the property tax per capita that we have had, and more than three times the income tax per capita. In the County, we've tried to do economic development as a whole, and we've done a good job of it. We haven't done a very good job, given the property tax system we have, of allowing the benefits to spread to other jurisdictions, and I mean specifically the property tax burden. The way we fund basic City services is largely property tax, and although we cooperated in economic development and certainly the County's participation in the Toyota deal, that's West Lafayette's contribution. We're County taxpayers. Of course we support those endeavors. The problem is the way the tax base is structured in West Lafayette. The benefits to the property tax payers are captured by jurisdiction. They don't spread across the County. We have a situation now because of because of an economic

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development tool enacted by the State that the property tax impact is going to be felt in the jurisdiction that hitherto had been the primary beneficiary. That isn't to say that economic development in Lafayette hasn't provided benefits across the County, in jobs, both in incorporated and in unincorporated areas of the County, but we're talking about how you deal with this property tax problem, based on the way tax rates are calculated in Indiana. Our initiative has been in economic development, but we haven't done a very good job in figuring out how to spread some of the benefits on the property tax side. Or we've just simply ignored it. West Lafayette has been in the situation, the way we do economic development, of a rather stagnant tax base, in terms of how we're forced to calculate tax rates. Lafayette has had, generally over the past decade, a growing tax base, and with the Toyota deal, it's about to take off like a rocket. I think we need to step back and look at the entire situation with tax rates and the assessed valuation. Trying to cherry-pick this one issue, I think, is causing us a problem. We're thinking about homeowners in primarily two districts in Lafayette, not even across the entire city. We've totally ignored the people who rent. In fact, they're the majority in our City. Certainly the property tax increases from the loss of assessed valuation are going to be passed on to them. We are focused exclusively on the homeowners in two districts in Lafayette, and we're thinking just about a historical situation that has to do with the implementation of the inventory tax deduction. We're kind of looking back in the past, and we're not looking toward the future. What's happening with the tax base in Lafayette? What are their prospects compared to ours? And I think we need to consider all of that in deciding whether an income tax allocated primarily to Lafayette homeowners, primarily in two districts, is the right way to tackle the problem. And I'd say the problem is how, if we do economic development as a whole, can we see that the benefits spread to property tax owners as a whole? I think we're struggling to get the right tools. There certainly was legislation proposed that would have given us some tools. But I wouldn't say we've looked under every rock, perhaps that we could have. In my point of view, that would be a great place to start. Frankly, judging by what the Legislature just did with the homestead credit and the proclamation that tax rates are supposed to fall for homeowners this year, I'm a bit confused about—

Councilor O'Callaghan said they're not supposed to fall, just not raise as much.

Clerk-Treasurer Rhodes said well, you know, whom do you listen to?

Councilor O'Callaghan said right.

Clerk-Treasurer Rhodes said whom do you believe? It's a very confusing situation. Do we really know what we're doing here? We know enough that we are directly targeting one portion of the tax base, that's homeowners in two districts in Lafayette, and my concern is that maybe we've got a bigger problem to deal with, or a bigger opportunity, which is how will we have a deal like Toyota come, just like we had the deals that brought Subaru, and before that, Caterpillar a long time ago? How do we spread some of the benefits to property owners in West Lafayette, if this truly is County-wide economic development? The answer seems to be we fund so many basic City services with property taxes, maybe that's an approach to start. As you know, I spoke only as representing my views at the County Council here, and I recognize we have a diversity of

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viewpoints here among elected and appointed officials, and I think the City benefits from that. But as I said in front of the County Council, I think we're trying to crack the wrong problem, and also, as you know, we have used every tool available to us to provide quality City services. As I said at the County Council, our homeowners have paid, particularly during the years 1998 to 2003, in which Lafayette had a lower tax rate than we had. We collected over \$2.7 million dollars in trash fees from our homeowners. So they've been willing to share the burdens of quality city services and—

Councilor Truitt said they being the West Lafayette—?

Clerk-Treasurer Rhodes said the West Lafayette homeowners, and they've shared that burden, so that quality City services could be provide to homeowners and renters in West Lafayette. By taking that cost out of our property taxes, we were able to spend more in public safety, we were able to invest more in parks. So the homeowners in West Lafayette have stepped up to the plate and, for my part, is this a necessity for them to step up this time, or is this better served by another approach? Thank you.

Mayor Mills said so is your suggestion that we don't even approve the increase in EDIT? Is that your comment?

Clerk-Treasurer Rhodes said my comment is the proposal here is that we approve an increase, which would involve an allocation of taxes. We were not given the choice of whether we would like to see reliance on income taxes instead of property taxes, and how we'd like that allocated. The decision has already been made. It's either allocated or don't do it. I don't think the allocation is the right thing to do. So, given that we only have one option, I would not support this particular form of the resolution.

Mayor Mills said okay. Thank you.

Councilor Truitt said can this be amended?

Councilor Keen said I don't know.

Mayor Mills said no. This is what we have to vote on.

Clerk-Treasurer Rhodes said it's up or down.

Mayor Mills said that's right. Other comments?

Councilor Hunt said could I another number about the 19%? Right now, the County Council has voted and that's 39%, essentially.

Mayor Mills said right.

Councilor Hunt said and Lafayette has not, and nobody else but us is scheduled—?

Mayor Mills said Lafayette has theirs scheduled, I believe, for Monday.

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Councilor Hunt said okay. And the smaller groups haven't even scheduled a meeting?

Mayor Mills said not that I know of.

Councilor Hunt said so if we somehow neglect to even vote on this, and let Lafayette and Tippecanoe County, what are the disadvantages of that?

Mayor Mills said well, it will pass.

Councilor Hunt said right.

Mayor Mills said it will pass. Our homeowners, our taxpayers will be paying the increased—

Councilor Hunt said they'll do the allocated anyway?

Mayor Mills said that's what they've chosen. They will be paying the increased EDIT rate. Again, I totally understand the Clerk-Treasurer's arguments and our citizen here. I guess, again, I personally think that we all benefit from the industry in Lafayette, and we focused our industry in the Research Park. We don't have the huge industry that Lafayette does, but we benefit from that, in jobs, in the number of people that come into our community to work, the number of people who live in our community who work at those industries, so I feel like it's a direct benefit to all of us, and the industry that is in our community. My own personal feeling. Councilor O'Callaghan.

Councilor O'Callaghan said thank you, Mayor. I guess I— again, I just want to make one other thing clear for anybody that may be listening to this. From the sheet that the Clerk-Treasurer gave us at the Budget and Finance Committee meeting and we've seen these before, but just to reiterate. From 1992 to 1997, the West Lafayette City tax rates were lower than Lafayette, and in 2004 and 2005, the West Lafayette City tax rate was lower than the Lafayette tax rate. There were six years in there that the Clerk-Treasurer referred to, '98 to 2003, when the West Lafayette City tax rate was higher. I just wanted to make that clear.

Clerk-Treasurer Rhodes said that was the period in which there was tremendous annexation—

Councilor O'Callaghan said right.

Clerk-Treasurer Rhodes said and starting to take in Subaru—

Councilor O'Callaghan said exactly.

Clerk-Treasurer Rhodes said that's really what happened. You can see what's happened since then. They haven't had that ability to capture that commercial AV, and now the pressure's begun on their rate.

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Councilor O'Callaghan said exactly. And that's how they got into trouble, by having those low tax rates, too, because then when it was frozen at that level, they weren't—

Mayor Mills said they were stuck.

Councilor O'Callaghan said able to get back up to the maximum cap. So those were artificial years, with a lot of annexation that went to provide that. I really have thought long and hard about this, and I did receive one email about it, and I responded to that. Now that I see—I don't know if you sent one as well?

Mr. Rawles said no, I didn't.

Councilor O'Callaghan said okay. I'm thinking that earlier on there may have been another one, but I just remember one that I responded to. I guess I do also remember reading in the *J and C* today, there was a West Lafayette resident that did say that we're all in this together. And I guess that is the way I feel in general. That we are in this all together, and that maybe we do need to look down the road as to how to share the benefits, and this is actually a great time to do that, with the whole discussion of changing the way that we do economic development in Tippecanoe County, with six economic development type corporation entities working together and trying to get one CEO, and so that really is a good time to look all through that. But I do believe that we have indeed experienced benefits from the growth of businesses in Lafayette. We don't have car dealerships in West Lafayette. They have a lot of inventory, but we go over to Lafayette and buy cars there. We certainly do have employees that work at SIA and Caterpillar, and if that will help to increase the wages, as Dr. DeBoer talked about, then that will help West Lafayette citizens. If it decreases the price of goods, as Dr. DeBoer mentioned, that will help West Lafayette residents as well. I do think it's important for us to share in the expense of economic development, along with the benefits of economic development. As this is indeed a symbolic vote, I guess I would like to send the message of working together for economic development, and looking at ways that we can share the benefits and expenses.

Mayor Mills said Councilor Truitt.

Councilor Truitt said we are going to share by paying the same tax. We have these TIF Districts, and let's not forget that. We all know how important those are to West Lafayette, but the impact of those TIF Districts, those have an impact also on our taxpayers, because the assessed valuation growth being captured inside of those and staying there, versus allowing our assessed valuation to increase from a stabilization standpoint, so I understand what Councilor O'Callaghan just said, but I just think it's sending the wrong message. So I'd like to call the question.

Mayor Mills said other comments? Any other comment from the public?

Councilor Griffin said I'm sorry. Did you—?

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Mayor Mills said no, but we do need to—

Councilor Griffin said we need to place a motion. Okay. Madam Mayor, I place on the floor—if I was addressed to do that, I beg your pardon—place on the floor Resolution No. 7-06 for consideration and voting, the vote be by roll call. The resolution is A Resolution To Cast The Votes Of The City Of West Lafayette On The Tippecanoe County Income Tax Council On The Increase Proposed By The Tippecanoe County Council. Motion was seconded by Councilor O'Callaghan.

Mayor Mills said all right. Anything further before we vote. Will you call the roll, please.

There was no further discussion.

The roll call vote:

<u>AYE</u>	<u>NAY</u>
Griffin	Keen
Hunt	Truitt
O'Callaghan	

Resolution No. 7-06 passed first and only reading, 3-2.

ADJOURNMENT:

There being no further business at this time, Councilor Truitt moved for adjournment. The motion was seconded by Councilor O'Callaghan, and was adjourned by consent, the time being 5:52 p.m.

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Respectfully submitted,

Judith C. Rhodes, Clerk-Treasurer
Secretary of the Common Council