

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **AD HOC SALES TAX**

DATE: **JULY 9, 2007**

Committee Members Present:

Supervisors Monroe
Caimano
Kenny
Champagne

Committee Member Absent:

Supervisor W. Thomas

Others Present:

Hal Payne, Commissioner of Administrative & Fiscal Services
Joan Sady, Clerk of the Board
Supervisor Bentley
Supervisor Tessier
Supervisor Merlino
Supervisor F. Thomas
Supervisor Geraghty
Maury Thompson, *The Post Star*
Tori Riley, Adirondack Regional Chamber of Commerce
Debra L. Schreiber, Legislative Office Specialist

Mr. Monroe called the meeting to order at 9:37 a.m.

Motion was made by Mr. Caimano, seconded by Mr. Kenny, and carried unanimously to approve the minutes of the previous Committee meeting, subject to correction by the Clerk.

The purpose of the meeting, apprised Mr. Monroe, was to review the advantages and disadvantages of possibly increasing the sales tax in Warren County to help offset the rising costs of property taxes and to determine whether additional information should be considered prior to presenting this issue before the full Board of Supervisors.

Pursuant to information supplied by the Commissioner of Administrative and Fiscal Services, Mr. Monroe stated he prepared an analysis that depicted the current amount raised by real property taxes (\$32,745,042) was approximately \$15 million less than the current amount raised by sales tax (\$47,542,350). He acknowledged having difficulty determining the percentage of sales tax paid by the tourists; however, he said, based upon information supplied by the Planning & Community Development Department, he estimated that figure to be approximately 30% to 40%. At a previous meeting, Mr. Monroe said it was his recollection that Committee members asked whether the increase could be dedicated to a real property tax stabilization/reduction. The attached documentation provided by the County Attorney, he said, confirmed that was a possibility. According to the Study of Comparative County Tax Rates, he indicated from 1968-1969 when the sales tax was adopted, there was approximately a 33% reduction in real property taxes; therefore, should Warren County decide to increase the sales tax, he said, a majority of increased sales tax would be born by non-residents and potentially dedicated to property tax reduction.

Mr. Kenny commented he was disappointed more supervisors were not in attendance at today's meeting. While Mr. Monroe concurred with Mr. Kenny, he said, the purpose of the meeting was to review the information that had been obtained and to determine whether additional documentation was needed prior to presenting the matter to the full Board of Supervisors.

Mr. Kenny stated he was unsuccessful in his attempt to ascertain the percentage of sales tax paid by tourists in Warren County; however, he noted, the estimated percentage of sales tax paid by tourists (30% to 40%) on the agenda was far greater than what the Planning and Community Development Department originally reported. According to the chart, Mr. Kenny indicated there was an increase in the sales tax collected during the months of July, August and December; however, he said, he was concerned about the regressive nature the sales tax had on the lower income people in Warren County. In a recent research he conducted, Mr. Kenny said, poor families paid six times more in taxes than those considered "better off", while the middle income individuals paid as much as four times their share. If property taxes were reduced to offset the increase in sales taxes, he indicated the burden would fall on the lower income people, as a majority were renters.

Mr. Caimano commented he read an article about the State of Michigan experiencing the same onerous problem of school taxes being 70 percent of their bill. He said they chose to raise taxes by distributing the increase evenly and eliminating property taxes. Mr. Kenny noted that the State of Washington did not have an in-state tax but they collected a State sales tax and were considered the most regressive tax state in the Country. Mr. Champagne stated it was typical of the southern states to assess a significant school tax as their programs were State supported.

In response to an inquiry by Mr. Geraghty, Mr. Kenny responded based on the national average, an individual who earned between \$350,000 and \$800,000, paid 1.1% or \$4,000, and a person who earned less than \$25,700 paid 6.7% or \$1,200. If property values continued to soar like the previous five years, Mr. Monroe said people would be forced from their homes and onto the welfare and social services programs. He reported the assessed value of property in the northern townships with surrounding lakes increased dramatically faster than those property values in southern Warren County. The middle income families in the northern towns who purchased their property when land value was relatively low were now struggling to maintain their homestead due to the increase in property taxes by several hundred percent, explained Mr. Monroe.

Mr. Bentley remarked property taxes in the Town of Horicon had increased 150% over the last four years and 60% of the population were seasonal residents. In response to an inquiry by Mr. Kenny, Mr. Bentley apprised that approximately 80% of the property taxes were paid by the seasonal residents.

A general discussion ensued.

If Warren County raised \$14 million by increasing their sales tax 1%, Mr. Merlino suggested guaranteeing these funds for property relief, road repairs, and police department budgets. Mr. Kenny remarked the Warren County Budget had increased approximately \$7 million per year for the last five years and if they could freeze the Budget, the County would not be in this position. Mr. Merlino responded if funds were generated to overcome the frozen Budget, the savings would assist with other County projects, such as the new Health & Human Services Building. He said he would agree with Mr. Kenny 100% if every town paid the same amount of town taxes; however, in 2007, the town taxes in the Town of Lake Luzerne increased 17.1%. Mr. Monroe concurred that there was a change in the percentage of taxes paid by the respective towns but there appeared to be a significant increase in property taxes from southern to northern Warren County. According to NYSAC (New York State Association of Counties), Mr. Monroe advised that Warren County was one of eight counties in New York State that still assessed a 3% sales tax.

Mr. Stec asked what flexibility they had to increase the County tax on various items, such as household appliances, clothing, et cetera, and Mr. Monroe replied that was a question the County Attorney would have to answer. Mr. Kenny stated that Sullivan County applied for a one-half percent sales tax increase and was denied by the State of New York because they were utilizing the increase to balance their budget.

Mr. Monroe asked the members of the Committee if any additional information was needed prior to referring this matter to the full Board of Supervisors. Mr. Kenny inquired about the ratio of property taxes collected between the northern and southern townships within Warren County. That information could be obtained from the Real Property Tax Services Department, suggested Mr. Geraghty; however, he said, multiplying the tax rate with the assessed value of each community would derive the answer. Hal Payne, Commissioner of Administrative and Fiscal Services, stated he would obtain that information prior to the next meeting.

Discussion ensued.

While the Committee discussed the assessed taxes on the one equation, Mr. Caimano said he felt compelled to state that Warren County had to improve controlling expenditures. Currently, he said, the full Board of Supervisors was contemplating the construction of a new Health & Human Services Building, thereby increasing the County Budget another \$1.7 million. It was the duty and obligation of the Supervisors to take care of the Warren County residents; however, he indicated, that did not require approving every expenditure. While Mr. Kenny agreed with Mr. Caimano, he said he would not recommend decreasing property taxes and increasing expenses as an alternative.

In response to a previous inquiry by Mr. Kenny, Mr. Monroe stated that 34% of the total property taxes collected in Warren County came from the Town of Queensbury and 17% came from the City of Glens Falls. He further added that Joan Parsons, former Commissioner of Administrative & Fiscal Services, provided the Comparative County Tax Rates from 1950 to 2007; however, he suggested a spread sheet that reflected the total taxes paid by all townships within Warren County would be helpful.

In summation, Mr. Monroe stated it was the desire of the Committee to obtain the following information:

- what flexibility Warren County had to exempt certain items from sales tax (County Attorney);
- the amount of property tax paid by each town (Real Property); and
- the percentage of sales/property tax paid by each town.

Mr. F. Thomas asked how the Committee would obtain an accurate estimate of the sales tax collected when a significant number of Stony Creek residents did business with the retail establishments in the City of Glens Falls or the Town of Queensbury. Mr. Monroe related that distribution was based upon full market value; however, a majority of the sales tax that was collected were from residents of other towns. Mr. Caimano suggested asking Lowes, Wal Mart, Great Escape, Olive Garden or other large businesses to perform a zip code analysis in an effort to achieve some sort of statistical data.

A discussion ensued.

If it was the intent of the Committee to raise the sales tax rate in Warren County, Mr. Kenny anticipated the cost of conducting business would increase as well.

In response to an inquiry by Mr. Monroe, Mr. Caimano stated he would prefer to schedule another meeting to discuss the information the Committee requested.

Mr. Payne commented that the two major projects previously discussed during other meetings, the Outdoor Drama Theater and the GasLight Village facility, would be utilized primarily by the tourists; and; therefore, he suggested, the increase in sales tax should fund those projects. Mr. Monroe indicated another alternative would be to increase the sales tax temporarily to fund the new Health & Human Services Building with the anticipation of being debt-free in two years. When property taxes increased, Mr. Tessier said the low and fixed income individuals were affected the most. Mr. Monroe stated it was his belief that a 1% increase in sales tax would have less impact on the taxpayer than an increase in property tax. The list of real property percentages distributed in 2006 did not accurately depict the taxes assessed in the Town and Village of Lake George, remarked Mr. Tessier. Mr. Caimano asked Mr. Payne to obtain a summary of comparable-size counties and their respective budgets.

General discussion ensued.

According to the fourth page of the agenda packet (Comparison Figures - 1997 and 2007), Mr. Caimano said Warren County doubled their appropriations but needed to improve their revenues. Due to the mandates imposed by New York State, he said, every year Warren County received \$4 to \$6 million less in State funding and he did not anticipate receiving those funds.

Mr. Stec asked if he could obtain a report reflecting the amount to be raised by property taxes for the past ten years. In addition, he reminded the Committee approximately one year ago, there was an accounting change that now reflected the sales tax revenue (approximately \$23 million) disbursed to the towns as an expense. Mr. Tessier added that in 1992, Warren County raised \$21 million in local tax compared to \$33 million in 2007; therefore, he said, the percentages did not match the increase in the Budget.

A discussion ensued.

Mr. Monroe noted a chart depicting comparable-size counties and their respective budgets was distributed to members of the Committee.

A general discussion ensued relative to the chart

Upon gathering the requested information, Mr. Monroe suggested another meeting be held to determine whether a recommendation should be made to the full Board of Supervisors.

There being no further business to come before the committee, on motion by Mr. Caimano and seconded by Mr. Merlino, Mr. Monroe adjourned the meeting at 10:29 a.m.

Respectfully submitted,

Debra L. Schreiber, Legislative Office Specialist