

Wicomico County Council
Open Work Session
April 16, 2013

Work sessions require written minutes that reflect each item that the public body considered, the action that the public body took on each item and each vote that was recorded. **It should be noted that at work sessions, the Wicomico County Council does not take formal action, nor is a vote taken on any item discussed.**

Present: Matt Holloway, President; Bob Culver, Vice President; Sheree Sample-Hughes, Stevie Prettyman, Gail M. Bartkovich, John B. Hall and Joe Holloway.

In attendance: Matthew E. Creamer, Council Administrator; Maureen Lanigan, Assistant County Attorney and Melissa Holland, Recording Secretary.

Personal Property Tax Decoupling Discussion:

Andy Mackel, Director of Finance and Wayne Strausburg, Director of Administration came before Council. Mr. Mackel said the personal property tax rate has been tied by law to 2.5 times the real property tax rate. The real property tax rate is set by Council. The taxable value of real property is determined by the State Department of Assessments and Taxation. Personal property tax is determined by the purchase price down 25% and there is no mathematical between real property and the assessed value of personal property. He said at the present time businesses are at the low point and by decoupling now it works out for the businesses. He said the county has an opportunity to set it at the maximum or set a lower limit which the counties decide. He recommends a standard level which everyone understands. He proposes to set the tax rate the lesser of 2.5 times the current year real property tax levy, which is the maximum, or the rate which will increase revenue by the December CPIU based on a prior years taxable base. Mr. Strausburg said the rate provides constant yield plus inflation. He said take real revenue from prior year and multiplies by inflation and total revenue would be 10.9 million and use that number in the base to compute the tax rate which is 2.1367. The new growth in the tax base is \$4.9 million and the new growth is \$7.9 million and the

tax rate would be applied to growth. The total revenue is \$10.6 for FY2014 and the estimate is \$10.2 after adjustments. The tax rate will go up \$6.7 cents. Mrs. Prettyman said the Maintenance of Effort bill stated that the taxes have to be raised to the maximum by law to which Mr. Baker said he is not sure that the bill addresses personal property. She wants to make sure the law is followed. Mr. Culver is worried that in the future it will be raised too high. Nothing can be done to prevent that is to make a charter amendment.

Mr. Culver said there has not been a presentation on the Sage report. Mr. Strausburg said he is trying to set up a time with the consultant. He has spoken with several Delegates and Senators about paying for the Sage report.

Money has been placed in the budget for a study/audit to be done on the Board of Education. The Executive's office does not feel that they can analyze and understand spending at the Board of Education. \$1 million has been allocated above Maintenance of Effort in the FY 2014 budget. Also \$2.8 for security upgrades and other capital needs has been placed in the budget. The \$2.8 million will not affect the Maintenance of Effort. Mrs. Bartkovich said this is the last year the Board of Education can use the school construction savings plan. The Board is proposing using \$300,000 prior year for Fiscal year 2014. The \$1 million will be placed in their operating budget which increases MOE. The thought process was that the disparity grant was to be used for Education.

Mrs. Prettyman said that the aging vehicle fleet needs to be addressed as well as Roads and infrastructure needs.

Open Work Session adjourned.