

WHEREAS, in the opinion of the County Auditor, the public interests required that the Lake County Council, should be called to meet in special session at this time, for the purpose of considering passage of Ordinance Establishing a Credit for Excessive Residential Property Taxes, a written notice was sent to each member of the Council, and proper advertisement made, and all other acts performed in accordance with the laws governing such matters.

And now in obedience to such call, come Will A. Smith, Jr., President, Donald Potrebic, Ron Tabaczynski, Elsie Franklin, Christine Cid, Thomas O'Donnell, and Larry Blanchard, County Councilpersons, together with Ray Szarmach, County Council Attorney.

There was a moment of silence for Sfc. Nick Idalski, from Crown Point, IN who was killed in action in Iraq.

ORDINANCE NO. 1264H

Section 1. Be It Ordained by the County Council of Lake County, IN., that for the expenses of the County Government and its institutions, the following sums of money are hereby appropriated and ordered set apart out of the several funds herein named and for the purposes herein appropriated, and shall be held to include all expenditures authorized to be made during the year unless otherwise expressly stipulated and provided by law.

	Appropriation Requested	Appropriated
General Fund 001		
<u>Sheriff</u> 0500		
41100 Overtime	\$30,000.00	No Action Taken
<u>Jail</u> 3100		
41100 Overtime	\$500,000.00	\$295,135.00
Gambling Adm Tax Fund 196		
<u>Sheriff</u> 0500		
41100 Overtime	\$30,000.00	No Action Taken
<u>Jail</u> 3100		
41100 Overtime	\$500,000.00	No Action Taken
Additional		
	Made motion	seconded
Sheriff(\$30,000)	NO ACTION TAKEN	
Jail(\$295,135)	Blanchard	Franklin
	All voted "Yes" to approve \$295,135. Motion to approve Carried 7-0.	
<u>Gambling Adm Tax Fund 196</u>		
Sheriff(\$30,000)	NO ACTION TAKEN	
Jail(\$500,000)	NO ACTION TAKEN	

Footnotes

Re: Jail(\$295,135) – Blanchard made a motion to approve \$295,135 in additional appropriation, from the general fund. Franklin seconded the motion. Warden Jones said that the men and women from the L.C. Corrections Division are very much aware that they work very hard and are owed this money, and the \$295,000 dollars, they have been working with Councilman Blanchard and they appreciate everything that Councilman Blanchard has done, but they still have the other pay, and it's not getting any better and it's not getting any better. They want to impress upon the Council that the Officers deserve to be paid in their entirety. They have worked since January and haven't been paid. Now it's incumbent upon everybody to make sure that they are paid because there is no place you can work in America and don't get paid for the work that you do, especially overtime. We understand the tax situation in Lake County but the Officers do deserve to be paid. We thank you for what you are doing, but we really would like to come back next month and hopefully there is another program for them to get their completed pay.

Smith wanted to clarify to the public that the Officers have been paid, the issue is overtime pay.

Blanchard said there is in conjunction an appropriation reduction on our July 12, 2005 agenda to offset this appropriation request tonight. Blanchard said it's within our levy to address this.

Franklin said that she doesn't want the public to think that the Council is being insensitive to the needs, based upon the fact that they have worked and have not been paid. Franklin said, as most of us know, the bulk of the money that's within Lake County is with Law Enforcement and our Courts. Franklin said it troubles her to know that we don't have the money at this time to give it all to Warden Jones. Franklin said that Blanchard is working on a program to correct this overtime situation, and it is her hope that never again will the Correction Officers have to worry about the overtime that they have worked and wonder whether or not, they will get paid.

George Terrell on behalf of the Correction Officers Union said they appreciate the Council doing this, but he wanted to say that this is a problem that they have had, it's an \$800,000 dollar problem that they've had every year since the new Jail, it hasn't been budgeted and we are hoping this year between additional staffing that they could choose to do, or additional overtime budgeting in the budget that we don't face this again. This is not an overtime problem, it is understaffing and other budget problems. This is something that he looks forward to working through this for next year's budget.

O'Donnell said he thinks it is an overtime problem, as well as a staffing problem. He said the definition of overtime is what creates the problem. He said that Warden Jones said that nowhere in America can you work and not get paid. He said there are very few places in America in which you can work a 4 and 2 shift and anything over four days in a week is overtime. He said there are also very few places that you can have 45 personal days in a year, and get paid for it. O'Donnell said he is not aware of anyplace in the world that you can do that, unless you're the President of the United States, so there is some stuff that needs to be looked at in here, and he appreciates Councilman Blanchard taking such an aggressive stance on this in figuring these problems out.

Smith said this is precisely where he did not want to take this dialogue. This is a union issue. We have a collective bargaining ordinance and this falls under that. Smith said he would rather not go into the discussions of those negotiations at this time. He wants to cut off any further dialogue on this issue.

All voted "Yes". Motion to approve carried 7-0.

In the Matter of Ordinance Establishing a Credit for Excessive Residential Property Taxes Second Reading.

Attorney Szarmach said that in the last session House Bill 1001, which is a very precise, clean, to the point, what's called a very tight statute. It tells what you can, and what you can't do. It allows you to create a 2% tax, it allows you to create it for the year, pass it before July 1st, for the next year, or as we are doing here, it allows you to pass before July 1st of 2004 and give you the cap for taxes payable in 2005, if the bills for 2005 have not yet been sent, have not yet been sent out. It defines the type of property that you can establish the credit for, homesteads, four units, or more than four units. This ordinance establishes for homesteads only, and it allows the County Council to give authority to the Treasurer to make loans to pay the shortfall, so entities can borrow money to cover the shortfall which has to be paid back within a five year period. The ordinance also establishes the procedure for that.

Potrebic asked if that includes every taxing unit all over Lake County, they are all treated equally, no one gets special treatment, in other words, it goes to all tax bills, whatever entities that are on the tax bills that's going to have the shortfall.

Smith explained that in the last special meeting, this ordinance was approved for First Reading, and tonight's portion would be either to ratify it or vote it down. Smith said they have an ordinance that they feel is necessary to approve tonight because they do not want to do anything to delay the property tax billing cycle of the 2004/2005 billing cycle which is suggested to be around the middle of October, and any further action of this Council might impede that to happen, so it's important that our actions tonight will not have anything to do with delaying the tax bills out to you the latter part of this year. Smith said it is necessary to move with this issue.

Tabaczynski explained that this doesn't substantially change what we passed on First Reading, with one exception. He said during the First Reading, he was attempting to add some language which would have addressed not rental properties, but it would have addressed multi-family homesteads, which sometimes because of the way the tax bills are calculated, may fall through the cracks.

He said the amended version does not include the language of multi-family homestead, yet there was never rental property into this, so the credit, as it exists now, extends to those who are eligible for the current circuit breaker, that remains with the statute.

Tabaczynski said, it is his hope that some of those instances where people fell through the cracks that there might be some way to address that through approaching their Assessor.

Tabaczynski made a motion, seconded by Franklin to approve on Second Reading.

O'Donnell asked about the estimated impact statement that they received Taxable 2004 pay 2005 Circuit Breaker, and asked if the Town is not listed, does that mean that there is no impact on that Town?

Smith explained that this information was given to him today by Data, with a combination of the Treasurer's Office, as well as the Auditor's Office. It was given to them as an estimate of what this circuit breaker, or credit program would mean, in terms of dollars. He said the previous circuit breaker program was estimated to run us around \$15 million dollars for all of the taxing units. Smith said that this estimate that they have in front of them, is basically taken off of those calculations, with any new homestead qualifiers, up to today, that's why the numbers are different, than the previous numbers, today the figure is \$16,568,153.14 because there were some more homestead qualifiers included into it. Smith said as we move forward in tweaking this, it might change even more.

Tabaczynski said that the estimate is just an estimate because we don't have the 2004 payable 2005 rates, so there would be some differences in there. He wanted to remind the Council that on the estimate, Unit 24- East Chicago, with a total of \$3.2 million needs to be further broken down, that's not available on this sheet, into percentages, the Township, the State and School. He said that is not the total of the Civil City, it's a total that can be broken down further.

Dante said that because this is kind of hard to understand, these units a governmental unit is pretty much geographically aligned there about 40 something odd geographically aligned units, Whiting, Hammond, Gary, Gary School Corp.

Dante explained that within each unit, you have an array of districts, County, township, libraries, school systems, poor relief, etc. Dante said, within each you have sub-units and then said he would summarize by saying that each district within each unit is going to pay its' fair share, according to this plan based upon a percent of the overall tax rate, which we do not know yet, but will have one very shortly.

O'Donnell asked if those who are in their third or fourth year of a ten year tax abatement, and you haven't paid any taxes, or paid reduced taxes, would you still qualify for the 2% Circuit Breaker?

Attorney Szarmach said yes, because the statute doesn't allow you to pick and choose who gets it. He said it is a very clean, tight and well-written statute. It's 2% across the board, for everybody. It's 2% of your assessed valuation for everybody. Creating the shortfall, the statute did not contemplate or provide which source the shortfall would be covered, whether it's going to be the casino money or whatever.

Smith said today's meeting is a regular council meeting and that's the agenda that will be followed. He said it is extremely difficult to have been placed in this position without ample time for data that's necessary for them to make hard decisions with; however the time-frame sort of locks up with the time-frame of the bills to go out for 2004/2005, in the manner that's not timely, will never be until we catch up in the long haul, but we certainly can not do anything to impede that process.

Smith said that the Treasurer, and members of the Auditor's Office, have indicated that they are going to try extremely hard, if the Council passes this tonight, to work in the formula for your credits to be received on your first installments in October. He said it's an extremely difficult job to do for the data system because the last 2% credit program was done by the State, and had a consultant to do that. Smith said this time, it's on the heads of our operations and we are hopeful that we can get those bills out to you in a timely fashion, hopefully with some reflections of some relief for you in a step one process.

All voted "Yes", except Blanchard, "No". Motion to approve carried 6-yes, 1-no.

ORDINANCE NO. 1264I

ORDINANCE ESTABLISHING A CREDIT FOR EXCESSIVE RESIDENTIAL PROPERTY TAXES PURSUANT TO I.C. 6-1.1-20.6, ET. SEQ. FOR REAL ESTATE TAXES PAYABLE 2005

WHEREAS, pursuant to I.C. 36-2-3.5-3, the Lake County Council is the fiscal and legislative body of Lake County, Indiana; and

WHEREAS, pursuant to I.C. 36-2-3.5-4, the Lake County Council shall pass all ordinances for the Government of the County in the manner prescribed in I.C. 36-2-4, et. seq.; and

WHEREAS, as a result of the Court ordered reassessment thousands of homeowners, including homeowners in Lake County, have received property tax bills that are above two (2%) percent of the gross assessed value of their real estate, and in some cases as high as five (5%) percent or more; and

- WHEREAS,** such high property tax rates are especially burdensome for the owners of residential property and are detrimental to neighborhoods, business and governments; and
- WHEREAS,** I.C. 6-1.1-20.6, et. seq. establishes a real estate tax credit for certain "qualified residential properties" against the person's property tax liability for property taxes for "qualified residential property" located in Lake County; and
- WHEREAS,** pursuant to I.C. 6-1.1-20.6-6, the Lake County Council may adopt:
1. An ordinance to authorize the application of a credit for one or more calendar years to "qualified residential properties" (I.C. 6-1.1-20.6-4) in Lake County, Indiana; and
 2. Must adopt the ordinance before July 1st of the calendar year to authorize the credit for property taxes due and payable in the immediately succeeding calendar year; and
- WHEREAS,** the Lake County Council may adopt an ordinance before July 1st to apply the credit for taxes first due and payable in 2005.
- WHEREAS,** pursuant to I.C. 6-1.1-20.6-7, upon authorization of the credit for property first due and payable in a calendar year:
1. A person is entitled to a credit against the person's property tax liability for property tax first due and payable in that calendar year attributed to the person's "qualified residential property" located in Lake County, Indiana; and
 2. The amount of the credit is the amount by which the person's property tax liability attributable to the person's "qualified residential property" for property taxes first due and payable in that calendar year exceeds two (2%) percent of the gross assessed value that is the basis for determination of property taxes on the "qualified residential property" for property taxes first due and payable in that calendar year; and
- WHEREAS,** the Lake County Council desires to adopt an ordinance to establish the credit for excessive residential property taxes pursuant to I.C. 6-1.1-20.6 et. seq.

NOT, THEREFORE, LET IT BE ORDAINED, AS FOLLOWS:

1. That the Lake County Council hereby adopts the Ordinance Establishing the Credit for Excessive Residential Property Taxes pursuant to I.C. 6-1.1-20.6-6 and authorizes the application of the credit to "qualified residential property" in Lake County for taxes for 2004 due and payable in 2005.
2. That pursuant to I.C. 6-1.1-20.6-4, "qualified residential property" includes the following properties that are eligible for credit:
 - a) a "homestead" as defined in I.C. 6-1.1-20.9-1;
3. That pursuant to I.C. 6-1.1-20.6-7:
 - a) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in the calendar years provided in this Ordinance, attributable to the person's "qualified residential property" located in the County, and
 - b) the amount of the credit is the amount by which the person's property tax liability attributable to the person's "qualified residential property" for property taxes first due and payable in the calendar years provided in this Ordinance, exceeds two (2%) percent of the gross assessed value that is the basis for determination of the property tax on "qualified residential property" for property taxes first due and payable in the respective calendar year.
4. That the credit (I.C. 6-1.2-20.6, et.seq) is authorized for property taxes first due and payable in 2005 only
5. Upon the completion of the calculations of the two percent credit on the 2004 payable 2005 bills, the Auditor of Lake County, shall notify each taxing unit with any liability under the credit if the total amount of the credit attributable to the unit and shall advise the unit to anticipate a reduction in the expected tax collection in the amount of the liability.

For purposes of section five (5), and six (6):

"Liability" is defined as the shortfall between the tax collection without the credit, less the tax collection applying the credit.

"Tax unit" is defined as any governmental entity with a levy funded by a property tax rate.

"Total amount of the credit attributable to the unit" is defined as the cumulative rate levied by the unit and nothing in this act shall be construed to mandate the unit's fiscal body to reduce the levy amount for any specific fund or funds within the unit's total levy.

6. Pursuant to I.C. 6-1.1-20.6-9, the Lake County Council may authorize County fiscal officer to borrow money repayable over a term of not to exceed five (5) years in an amount sufficient to compensate the political subdivision located in Lake County for the reduction (liability) of property tax collections in a calendar year that results from the application of the credit under this chapter for that calendar year under the following provisions:
 - a. Each government unit experiencing a reduced collection (liability) resulting from the adoption of this credit shall endeavor to absorb the reduction through prudent fiscal management of the unit's remaining tax revenue, reducing expenses, and by re-evaluating the execution of existing budgetary line items.
 - b. If, within 90 days of receiving notification of the credit liability, a governmental unit determines that it is unable to absorb all or part of the credit liability without catastrophic fiscal hardship, the unit may
Petition the county fiscal officer to exercise statutory authority to borrow money on behalf of the unit only after:
 1. The unit has held a public hearing regarding the proposed borrowing, with notice to the public as required by law; and
 2. The unit by majority vote of its fiscal and legislative body has passed a resolution in support of the proposed borrowing including the amount to be borrowed and a repayment schedule; and
 3. The Lake County Council by majority vote has approved the amount to be borrowed and a repayment schedule; and
 4. The proposed borrowing and repayment schedule complies with the requirements of I.C. 6-1.1-20.6-9.
7. That the Lake County Council encourages the Department of Local Government to use the approved 2005 levy minus the 2% credit as the basis for calculating the allowable levy growth for the subsequent year and in the interest of providing structural property tax relief that the Indiana General Assembly consider enacting this approach into law.
8. That any section of this Ordinance held invalid shall be severed and remaining sections shall remain in full force an effect.

SO ORDAINED THIS 28TH DAY OF JUNE, 2005.

WILL A. SMITH, JR., President

RON TABACZYNSKI
CHRISTINE CID
DONALD POTREBIC

THOMAS O'DONNELL
ELSIE FRANKLIN

Smith opened up the public portion of this meeting.

Joe Hero said that it is good that the Council passed the Ordinance on the 2% and congratulated the Council for doing so. Mr. Hero said he thinks the Council needs to take it one step further. If this comes up next year, he knows there is a statutory 2%, but what he would like to see, is that every year that as a condition of the 2%, that the following year drop down to 1.9%, 1.8%, 1.7%, 1.6% to get to 1.5% which is the national average.

He said the Council took a bold step, and it took a lot of courage to do that, and he would encourage the Council to incrementally take it down over 4 to 6 years to get it down to 1.5% and the advantage of doing that over time is, you can, through attrition eliminate jobs without penalizing people, just take the normal attrition. Mr. Hero said he thinks you took the first step, but take a look at the overall plan, and make that plan so that you take it down another 10th every year for the next 6 years.

Smith said that this Council saw a need to allow public opportunities for you to voice your opinion in Thursday' meeting. He said they allowed everyone who wanted to speak the opportunity to speak and he hopes that no one feels slighted tonight because this is our normal council procedure, with our agenda items.

Smith said that during our last Council meeting, he called for a tax policy summit to be held within the next six months with representatives from the Governor' Office, the State Legislators, as well as our local official to work on something to remedy the flaws in the recently passed legislation.

Smith said we need to be doing that over the summer as the General Assembly reconvenes in January and perhaps we can minimize some of the ills that were bestowed upon us. He said that maybe we can get the 2 cents on every pack of cigarettes or tobacco products that are sold in Lake County rebated back to us in the form of some property tax relief. Maybe we can get the 2 cents on the fireworks, that are sold in Lake County rebated back to us as well over and above what's there. We believe that those dollars can mean some significant property tax relief to all of us and not impose a income tax as a start, but in Smith' opinion, as an end resolve.

Dante said that Joe Hero bought up a good point, 2%, 1.9, 1.8, but he wanted to advise the Council mathematically, in order for that to be viable, in order for that to work, you have to have a fair and partial assessment system to where houses that are \$125,000 don't get depreciated artificially to \$75,000, or \$300,000 dollar houses don't get depreciated to \$200,000. You have to watch that, and in order for it the Council to even consider anything like that in the future, you have to make sure your assessment, or your market value, or whatever base on your house is very consistent. He said that part of the equation has to be a fair and partial, viable and across the board assessment on property.

There being no further business to come before the Council, it was moved and seconded that the Council does now adjourn to meet again.

President, Lake County Council

ATTEST:

Stephen R. Stiglich,
Lake County Auditor

