



Town of Rising Sun
Special Town Meeting Minutes
Constant Yield Tax Rate – Public Hearing
June 13, 2016

Let it be remembered that the Mayor and Board of Commissioners of the Town of Rising Sun, held a Special Town Meeting on the 3rd floor of the Town Hall on Monday evening, May 31, 2016 at 7:00 PM. For the record the meeting place and time were duly posted as required.

MEMBERS IN ATTENDANCE: Mayor Travis Marion, Commissioner Dave Warnick, Commissioners Allen Authenreath, Commissioner Brian Leishear and Commissioner Joe Shephard.

MEMBERS ABSENT: None

STAFF/CONSULTANTS PRESENT: Town Administrator Calvin A. Bonenberger, Jr., Police Chief Chip Peterson.

IN THE MATTER OF CALLING THE MEETING TO ORDER: The meeting was called to order at 7:05 PM by Mayor Travis Marion and followed by the roll call and pledge of allegiance

IN THE MATTER OF PUBLIC PRESENTATIONS:

The Town Administrator read into the record the required advertisement for the constant yield tax rate public hearing. This hearing was to discuss the propose increase in the real property tax from .4062 cents per \$100 of assessed value to .48 cents per \$100 of assessed value. This would generate roughly \$138,000 of new tax revenue. There were only two people from the general public in attendance, along with the reporter from the Cecil Whig. He then provided a detailed analysis of the state of property values in the Town of Rising Sun. As discussed at previous budget meetings, he indicated how the assessed values of properties in Town have decreased by 16.14% since 2010 for a total loss of \$47,378,739, which results in a loss of cash flow revenue of \$192,452. When adjusted for the recognized inflation of 9.7% over that same time period, the loss in assessed value is actually \$51,974,477, with a loss of cash flow revenue of \$211,120 over that same period for a total percentage reduction of assessed value and cash flow revenue of 22%.

As discussed at previous budget meetings, the Town Administrator provided some charts and data showing the Town's ranking among the other Cecil County Towns based upon assessed property values per population; and tax money spent for services provided to the community based upon population. The Chart indicated that the Town had the second lowest expense per person, coming in at a total of \$267.37 spent for each person compared to the next closet community. The chart showed a sizable

increase per person with some of the remaining communities, with the Town of Perryville coming in at \$320.55 per person and the Town of North East coming in at \$414 per person and the Towns of Port Deposit and Chesapeake City both topping \$500 per person. He highlighted the fact that of all the communities, the Town of Rising Sun spent the least amount of money per person to provide 24 hr. police protection and building inspection services. The board engaged with the public in attendance of what these numbers indicate and how they play an important role in the financial planning of the Town. The board discussed the need to reinvest in the community to attempt to bring the assessed values of properties up and that the tax rate for the Town had not been increased in over 15 years. They clarified that the constant yield tax rate was adopted previously, but that was before 2010 when the town began its steady decline of property values. Furthermore, an increase in the constant yield tax rate is designed to bring in the same revenue from one year to the next, not raise additional tax revenue. The current proposed tax increase is designed to bring in new tax revenue, but it is really replenishing revenue that has been lost over the previous 6 years. The Town Administrator provided an analysis of what the impact would be on the average Town tax payer based upon various levels of a tax increase. Utilizing an average assessed value of \$209,537 for each property in Town, the average annual increase to tax payers would be \$153.80 per year or a monthly increase of \$12.82 per month.

The Town Administrator provided a graphic showing that \$384.36, or \$32.03 per month would be removed from the monthly utility bill and be transferred over to the real estate tax bill. The Mayor and Commissioner explained that this was not a one size fits all benefit to everyone, but would be a benefit to many of the Town's residents due to the possible tax deduction benefits. These deductions would be dependent upon property or home ownership, tax bracket and other variables. The Town Administrator walked everyone through the accounting of such a move and similar to the discussion at previous meetings indicated that moving forward with the tax benefit for some residents would create cash flow issues unless the Town raised the tax rate to cover this new extra expense of roughly \$387,000 that would now have to be paid by real estate taxes. This would require the taxes to be raised roughly 50% increase in taxes across the board and would result in a roughly .21 cent increase on the tax rate. He further explained that all general fund categories have various revenue line items that are used to pay for the cost associated with the expense of that fund. More specifically, he noted that nearly every fund category has a real estate line item that is listed to reflect any real estate taxes that are allocated to pay for fund expenses. He gave an overview of the Debt Service Fund that has over \$260,000 of debt service tied to Town Hall building mortgage, street repaving loans, auto loans, leasing; and covers these expenses by allocating both real estate taxes and income tax towards these expenses. He explained how the new Debt Service Tax offset the Town's debt service related to the above, plus funds to cover the old debt service related to the water fund. This new debt service tax could essentially be tied to current and future debt service payments and could be adjusted accordingly. He outlined where the goal was to have all taxable properties now pay their fair share of debt service.

The Mayor and Commissioner emphasized their desires to deal with the issues that have been plaguing the town for decades but have been kicked down the road to the point where the projected expenses are very high now, but can no longer be avoided.

An overview of initiatives to save cost by doing more things in house was discussed and the details of equipment purchases were explained. There was also a discussion about the need for the town to stabilize its Debt to Reserve Fund ratios and how the Town was now struggling to pay for un planned expenses due to significant drains on the Town's finances due to 1.5 million dollars of wasted expenses related to defending frivolous lawsuits, paying claims for ill-advised public comments, and correcting years of neglect by some of the development community back in the early 2000's.

The both the residents in attendance were actively engaged in discussions with the board during the presentation, they were given a formal opportunity to ask questions and to make comments regarding the tax increase.

With no other business to come before the Mayor & Commissioners, a motion was made by Commissioner Warnick and seconded by Commissioner Leishear to adjourn the meeting at 9:03 PM.

Respectfully submitted,

A handwritten signature in blue ink that reads "Calvin A. Bonenberger Jr." in a cursive script.

Calvin A Bonenberger Jr
Town Administrator – Acting Town Clerk