TIPPECANOE COUNTY COUNCIL
SPECIAL MEETING
July 24, 2007

The Tippecanoe County Council met at 5:30 P. M. Tuesday, August 24, 2007 in the Tippecanoe Room in the County Office Building. Council members present were: President Jeffrey A. Kemper, Vice President Thomas P. Murtaugh, Andrew S. Gutwein, Betty J. Michael, and Kathy Vernon. Others present were: Auditor Jennifer Weston, Attorney David W. Luhman, and Secretary Jennifer Prange.

President Kemper called the meeting to order.

President Kemper welcomed members from City of Lafayette and City of West Lafayette. Also present were County Commissioners KD Benson, John Knochel and Ruth Shedd as well as Treasurer Bob Plantenga.

The Tippecanoe County Council met for a special meeting to discuss and act on two resolutions recently adopted by the West Lafayette Common Council for the CEDIT Homestead Credit.

Attorney Dave Luhman acknowledged the county income tax council adopted an ordinance a year ago that increased the county option income tax to provide additional homestead credit to offset the effect of the elimination of inventory property tax. On July 2, 2007, West Lafayette adopted two resolutions that propose new ordinances to the county income tax council. He confirmed the council has only thirty days to act on the proposed ordinances. Attorney Luhman presented the number of certified votes per entity. A majority of votes is needed for any resolution to become effective.

	2007 Certified Votes
Battle Ground	0.8602
Clarks Hill	0.4358
Dayton	0.7574
Lafayette	37.4888
Otterbein	0.2272
Shadeland	1.0892
West Lafayette	19.1659
Tippecanoe County	39.9755
Total	**100.0000**

Auditor Weston confirmed the report from the County Assessor in 2004 for inventory totals had a discrepancy, possibly due to deriving numbers from a handwritten report compared to a computer generated report. She presented a report of inventory values as retrieved from the county's assessment software system. It can be concluded, however, that it is possible for inventory values to fluctuate by 40% over 2-3 years; and therefore not predictable how much credit or excess will be distributed in any given year.

Personal Property Inventory Totals

Year	Value	% change
2003	196,101,079	
2004	197,994,415	0.97%
2005	222,858,366	12.56%
2006	323,733,188	45.26%
2007*	312,684,017	-3.41%

* as of today, personal property not complete

Report: AR418, 7/24/07

Clerk/Treasurer Judy Rhodes addressed the method of distributing the homestead credit and the level of taxation needed to accomplish the goal of offsetting the additional tax burden of homeowners because of the inventory deduct. The 2007 tax bill indicated an excess of $500,000 in collections. She believes we can meet next years inventory homestead credit needs with a .08 tax rate.

West Lafayette Mayor Jan Mills confirmed the goal for West Lafayette is to offset the increases for loss of inventory. West Lafayette supported the allocated method with intent to protect taxpayers with large increases in property tax bills. The plan of the West Lafayette City Council is not to change the original allocated method but when excess is collected, have even distribution for all taxpayers with the same type of benefit.

Lafayette Mayor Tony Roswarski noted concern regarding the inventory figures and the fluctuation. He suggested that all concerned parties work pro-actively together to ensure correct inventory figures.

RESOLUTION 2007-15-CL; TO CAST VOTES ON THE PROPOSED AMENDMENT TO ORDINANCE NO. 2006-01-TCITC, TO ADJUST THE ALLOCATION METHOD FOR THE DISTRIBUTION OF THE CEDIT HOMESTEAD CREDIT FOR INVENTORY DEDUCT

Councilmember Murtaugh agreed the change in allocation distribution is necessary to ensure the benefit for taxpayers.

Councilmember Vernon noted in 2006 when discussion first took place a lot was unknown and she supports the proposed ordinances.

Councilmember Gutwein agrees the (1st ordinance) is fair to distribute excess funds in a uniform method. He does not believe it is sustainable long term. For this he acknowledged this is a good tool for the transition but suggested in the future transition out of it.

President Kemper noted he is comfortable with the adjustment of method, not with the reduction of rate.

Councilmember Michael stated the ordinances must be equitable.

- Murtaugh moved to adopt Resolution 2007-15-CL in support of the proposed ordinance, second by Councilmember Michael;

Auditor Weston recorded the vote:

Vernon	Yes
Gutwein	Yes
Murtaugh	Yes
Kemper	Yes
Michael	Yes

Resolution 2007-15-CL passes 5-0.

RESOLUTION 2007-16-CL; RESOLUTION TO CAST THE VOTES OF THE TIPPECANOE COUNTY COUNCIL ON THE TIPPECANOE COUNTY INCOME TAX COUNCIL ON THE PROPOSED AMENDMENT TO DECREASE THE ECONOMIC DEVELOPMENT INCOME TAX RATE IMPOSED FOR HOMESTEAD CREDIT TO MITIGATE THE INVENTORY DEDUCT

Auditor Weston provided analysis given varying levels of inventory and the corresponding income tax rate that would be needed as follows:

Change in value from 06p07	Inventory Values	Tax Impact (approved method)	Corresponding Income Tax Rate Needed
30%	432,091,933	$2,742,000	0.100
20%	398,854,092	$2,562,000	0.093
15%	382,235,172	$2,464,000	0.090
10%	383,897,065	$2,374,000	0.087
5%	348,997,331	$2,282,000	0.083
0%	332,378,410	$2,249,000	0.082
-5%	315,759,490	$2,088,000	0.076
-10%	299,140,569	$1,997,000	0.073
-15%	282,521,649	$1,902,000	0.069

Treasurer Plantenga presented figures representing 2007 with a .01% tax and added 95% is distributed within the county with carry-over of $150,000 which he believes is acceptable. He suggested with a change in the rate to .08%, the economy would need to be stable with no change in inventory. Treasurer Plantenga acknowledged the numbers prove no change in inventory but an increase in income. He is most concerned about the distribution for 2007 compared to 2008, and implied taxes are moved from income to property taxes.

Clerk Judy Rhodes stated the council imposed the CEDIT increase for the purpose of alleviating the impacted homeowner from the inventory deduct. She questioned whether or not this venue was proper for undertaking the reduction of property taxes in Tippecanoe County.

- Councilmember Gutwein moved to adopt Resolution 2007-16-CL in support of the proposed ordinance, second by Councilmember Vernon;

Councilmember Vernon stated this issue was discussed in February 2006, and added this is an opportunity as a council to decrease a tax.

Councilmember Murtaugh stressed concern that this issue is still to new and believes the council is acting too soon.

Auditor Weston recorded the vote:

Murtaugh	No
Michael	No
Vernon	Yes
Gutwein	Yes
Kemper	No

Resolution 2007-16-07 fails 3-2.

- President Kemper concluded the meeting.

TIPPECANOE COUNTY COUNCIL

Jeffrey A. Kemper, President

Betty J. Michael

Thomas P. Murtaugh, Vice President

David S. Byers

Andrew S. Gutwein

Kevin L. Underwood

Attest: Jennifer Weston

Jennifer Weston, Auditor

Kathy Vernon