

CC Minutes 2007-01-23 Special Meeting on Tax Relief

Mayor Buelterman Called the Meeting to Order at 6:00PM. Present in addition to the Mayor was Sessions, Crone, Williams, Pearce and Wolff. Doyle was absent due to being out of town. Also present was City Attorney Bubba Hughes and City Manager Diane Schleicher.

The Mayor introduced two resolutions.

1. Resolution #1 involves encouraging the state to increase both the amount of exemption for senior citizens who already get an exemption from school taxes. Also increase the income limit that they have. It doesn't affect the City at all.
2. Resolution #2 involves providing tax relief for some of the retail and other business establishments on Tybee that are struggling with high assessments.

Crone- Motion to Approve Resolution #1, Pearce seconded,

Wolff – What effect would this have on the City?

Jan Fox – None.

The vote was unanimous.

Williams – Can Mr. Hughes give a brief description of Resolution # 2?

Hughes – This an effort to provide tax relief similar to the Stephens-Day tax freeze or assessment freeze on certain commercial properties on the island as an incentive for or to give businesses some benefit. It applies to all occupied commercial properties except long and short-term rental properties. But it does include hotels, motels and bed and breakfasts. This is to ask the state to cooperate in exploring a way to do that. The Stephens-Day Bill is a Homestead Exemption and obviously commercial property does not qualify for the homesteads. There is a state bill that is being discussed or somebody intends to present to do this and they will have to work their way through how to implement it assuming that the legislature is receptive to it. Both of these resolutions would require action by the legislature.

Mayor Buelterman – The difference is that this one would come back for a referendum just from the City's residents in November. Is that correct?

Hughes – Under the resolution, that would be correct.

Mayor Buelterman - Essentially if we were to adopt this and it has got to be specific and get the details right, send it up to the state, local legislative delegation sign on to this and give us the opportunity as citizens to vote yes or no on this. It's just like we voted for the Stephens-Day Homestead Exemption and just like we voted for the \$200,000 homestead exemption for all the Tybee City taxes for people who live in owner occupied houses.

Hughes – It would have to be a referendum if we are able to do it. It is questionable. Legislative Council will address that.

Crone Motion to approve Resolution #2 for discussion, Pearce seconded.

Mayor Buelterman – Some issues that were brought up about this that we need to be clear on.

Jan Fox – I'm concerned about using the word ad valorem. Ad valorem would also include inventory tax, personal property taxes and items other than property taxes. I'm not sure if that was the intention when this resolution was proposed. I'm also concerned about occupied commercially. If you have a vacant building as opposed to an unimproved or vacant lot, I'm concerned about the intention there.

Mayor Buelterman – How would we go about regulating that?

Williams – There are some areas where businesses such as Doyle Landscaping and Fox Electronics are located where you might have three fourths of the commercial space occupied but some vacant so that can make it very confusing.

Sessions - I have a question about the ad valorem and the inventory. Chatham already does that as far as the inventory taxes. Would this be an additional request that Tybee would be asking for the businesses to inventory their products or whatever?

Hughes – This would be increasing any exemptions and freezing the value. It is intended to apply only to real estate and it says similar to the exemption of residential property by way of Stephens-Day. It doesn't affect inventory taxes at all on businesses. The wording is awkward on all of this as to which businesses it applies to and an issue of occupancy. Sooner or later for any business if this would work at all is to establish a base year to determine what the value of the properties is. Freeze the value for that purpose.

Mayor Buelterman – Business establishments on Tybee would have the same Stephens-Day situation but it would only be for the City taxes. We can't do that for the County and for the schools. It is providing some relief not as much as we like but we hope that if we can show this as an example, start here, and if it works go to the County and possibly the schools to see if they will do something similar to this to help businesses out that are being taxed to death.

Sessions – I liked the way the Mayor said it. We can answer questions from the business community and explain it.

Schleicher – Is there a reason to use ad valorem and not use property taxes in the resolution?

Hughes – Make it ad valorem property taxes.

Williams – So just to add property. Should we put property or real estate?

Mayor Buelterman – Bubba, what do you think we should do on that?

Hughes – Change Resolution – Make it ad valorem Real Property Taxes.

Mayor Buelterman – If you have a piece of property that is partially used for a business and say above it is used for residential; how would that be impacted by this?

Williams – That's what we have encouraged people to do.

Mayor Buelterman – I think we should give them the relief. Is there a way to make it so that it is just the relief on the commercial portion of their property that they are using for a tee shirt shop or an art gallery or whatever it might be?

Fox – It would be taxed on the majority of the use of the building or property.

Schleicher – So if you had a business that had commercial as a first floor but had two stories residential, they probably wouldn't benefit from this.

Fox – They are going to look at the income derived as well as the square footage.

Mayor Buelterman – This does include the Hotel, Motel and Bed and Breakfasts but does not include the short term rentals. Condos, houses, etc.

Sessions – Could we address why that is.

Mayor Buelterman – Is not the intent of what we are trying to be done. In the end it would end up costing the homeowners because you have to pass along the increased taxes at some point to the homeowners. It shifts the burden to the homeowners. That is not what we want.

Sessions – I have a question about the Bed and Breakfasts. I understand that for B and B's with two or three rooms that are rented, the owner of the property who lives on site does not receive the Stephens-Day. It doesn't affect me because I only have one room but it does affect the other Bed and Breakfasts that have two or three or three or four. I'm not sure what the limit is. What can we do Mr. Hughes if not now but in the future if anything to rectify that? Who do we talk with?

Hughes – I'm not surprised because the Stephens-Day is a homestead exemption and if it is commercially used, it wouldn't qualify. What you are doing now should pick up on that. If this resolution passes, it would help remedy that situation.

Williams – The legislature addressed the homestead exemption being transferred to the surviving spouse. They cleaned up that grey area. It may be that we need them to look at this because I would imagine that problem is also a big problem in downtown Savannah when you have so many B and Bs. We may be able to work with the city of Savannah in petitioning some changes along those lines.

Mayor Buelterman – Is there anything Mr. Hughes, other than the change that was made at the bottom there, that you think would prevent this from going through with the state legal folks.

Hughes – Yes, I do. The constitution provides a method by which local homestead exemptions can be granted. The legislature can do that. That's when you would have to hold a referendum. But that is the Homestead Exemption. This is commercial property. There is no existing method for this to be done. That is why the Resolution is worded as broadly as it is. It is to request that we introduce one or more bills to implement the intention of it. Apart from the legislature acting, there is nothing that you can do.

Mayor Buelterman – It was my understanding when researching this that if we sent them something very clear and specific about the uses that we want to qualify for this that there is a chance that this would go through and we could have a vote on it in November.

Hughes- I will certainly communicate with legislative council about it. I did that once before when we had the issue about the school tax. They would have to clear it through the local delegation before it gets off the plate anyway.

Mayor Buelterman –Is there anything from staff level that you see with enforcement of this; that would be another issue?

Schleicher – The occupied commercially language was the problem. Not have this apply to a vacant lot. So if we could have some language put there so that what your intentions are is an improved commercial piece of property that the tax exemption is put on and not an empty lot. Trying to help a business continue on Tybee and not have someone who is speculative sitting on property get a tax break. I don't think your intention is to not allow empty buildings to not get the tax break. One is a policing issue and the intent is to help business so hopefully they will pass it on to the renters and users.

Sessions – Questions about a vacant lot. What can we do to help some homeowners that have vacant lots and give them some relief because of the whole issue? Kind of nice seeing some green space. If a person can sell that vacant lot and make a profit as oppose to having a tax incentive to hang onto it. If that would be appropriate for this or if it would fall under something else. Otherwise, what would they get out of sitting there with a vacant lot?

Mayor Buelterman – They could do conservation easements.

Sessions – But that is so restrictive.

Mayor Buelterman – Suggest that we could tackle that but don't think that it is the intent of this resolution.

Williams – I think it would have to be separate. This is mainly dealing with commercial. Could do that at another time.

Mayor Buelterman – What could we do in terms of language to effect the change that Diane was trying to get?

Hughes – We can add active. As I understand the question, add it so that it is actively commercially occupied or occupied commercially.

Mayor Buelterman – In the fifth paragraph under NOW THEREFORE BE IT RESOLVED.

Schleicher - Could it be for commercially improved properties? Would that work?

Williams – If it is just commercially active, it could be a vacant lot that is used for parking. I don't believe that was the intent.

Schleicher – The reason why I jumped in with that the commercially improved is that a good enough term to be indicative that you have improvements on that property?

Hughes – I don't think so. You can have improved property that is a parking lot. If your intention is to have it apply to retail type operations.

Mayor Buelterman – What are we adding and to where.

Hughes - Actively occupied commercially used

Wolff – Could we add commercially used or marketed for commercial use? I think the market will drive a lot of this.

Williams – What about commercially used structures?

Hughes – The hard part of this is going to come when trying to do the bill if they are inclined to do it. Where people don't lose their homestead as often businesses move and close, you will have a continuing nightmare in trying to keep up with when a business has changed hands. Theoretically, if it operated like Stephens Day, it would lose this benefit at that time.

Fox – The property owners would not change as quickly as the businesses would change because most of these property owners are not operating a business.

Mayor Buelterman – Most of them are renting.

Williams – They are leasing or renting.

Hughes – Good point. If you have it actively occupied and the property is vacant for a year, do you want them to lose the exemption at that point?

Schleicher – How about changing to for commercially used properties with at least one structure.

Mayor Buelterman – Make it so that it would say appropriate legislation to grant a tax exemption for commercially used properties with a least one structure. Take out occupied.

Wolff - How about habitable? We want these to be heated and cooled properties don't we. We don't want people getting tax exemptions for sheds that might have a flea market in them. Or do we?

Mayor Buelterman – Why not? Think about landscaping piece of property or the kid that sells peanuts on the side of the road.

Williams – Should withdraw the motion.

Schleicher – Should be adding real property after ad valorem in the fourth paragraph and sixth paragraph in Resolution #2.

Mayor Buelterman – will read this when we are through.

Crone and Pearce withdrew motion

Rusty Fleetwood – With the commercially occupied property – could not you tract that through the business licenses? The property owner would not change that much but also the occupation may change. They got to have a business license. We have property that essentially there is no habitable structure on the property but it is occupied by two landscapers and a gutter repair and construction equipment storage guy. Without a habitable structure, we would not be getting any benefit yet the property is commercially occupied and used by at least three businesses. You could tract the commercial occupancy through the business licenses and the owner of the property would apply for the exemption as long as he had a business license with that same address or there was a business license with that same address.

Fox - Who are you trying to address with a tax relief, the property owner or the business owner?

Mayor Buelterman – Trying to get the businesses. Probably 75% to 90% of the businesses on Tybee are not owned. They are being leased. A lot of people are being hit with rental increases because of the taxes going up.

Sessions – Why some of the renters are concerned. They are not really getting the benefits.

Mayor Buelterman - Lets task the Economic Development Committee with other solutions to this. That is what their task was in the first place.

Williams – Is that an action item? We need it on the list.

Mayor Buelterman – Read the revised Resolution #2.

Williams – This doesn't address the scenario that Rusty presented.

Session – It doesn't address the rentals, or the businesses that are renting the properties.

Mayor Buelterman – That is why we are tasking the Economic Development Committee to come up with solutions.

Rusty Fleetwood – volunteered to come in and record the commercial properties that have no structures but have businesses located on them..

Schleicher – The legislature may come up with better language than what we have actually proposed because they have legislative staff that can work on this all the time. They may say that the structure is not appropriate.

Wolff - Will have to tweak this when it comes back. They re-apply annually for the exemption with copies of the business licenses so that would solve the enforcement problem.

Pearce Motioned for Approval of Resolution # 2 with changes, Wolff seconded and the vote was unanimous.

Mayor Buelterman – Encourage business owners to improve the appearance of their frontage of their businesses.

Sessions – Was Mr. Hughes looking at this a year or so ago for possible other areas that had established tax initiatives or abatements? Did you uncover anything?

Hughes – Unfortunately no. The existing provisions of state law and the enterprise zones was one of them. Unfortunately, Tybee's size limitations are such that the benefits to the businesses that we could grant are very limited. There is not a particular area down here that would meet the definition required for an enterprise zone where it has got to have blight and poverty. They are very strict on when you make exceptions to property tax. Got to be uniform. Nothing to provide any substantial relief at all.

Fox – In your packets, I have added a lot of different information (Georgia Business Expansion and Support Act Executive Summary – Attached), there is frequently asked questions from The Board of Assessors of Chatham County, GA. Facts Every Taxpayer Should Know – Attached). Maybe an education program on what is available to businesses would probably be very helpful.

Hughes – You could probably get someone from the DCA to do that too.

Mayor Buelterman – Good idea of DCA giving an educational program. Lots of programs that people are not taking advantage of.

Sessions – There are eight Tax Incentives that Jan mentioned.

Fox – There were several websites that I pulled information from. The Valley Partnership that has to do with Georgia and South Carolina and what they are doing up around Lake Hartwell.

Sessions – Eight under Georgia that businesses are not aware of.

Williams – Action items. We need to organize an educational workshop for businesses owners in the community. Assign to Sharon Marshall. Will we make it an action item? Need to add having a workshop for the business owners. Need to add investigating a conservation tax breaks as well as tax breaks for of the larger Bed and Breakfasts. Those are all things that have been brought up tonight. Too late for Atlanta, but we can work on for the next opportunity.

Mayor Buelterman - Hussey, Gay and Bell Fee Proposal for Tybrisa Streetscape Improvements

Pearce motioned to approve, Williams seconded and the vote was unanimous.

Mayor Buelterman - Update on South Beach Parking Lot Bid.

Schleicher – We did get the bids in for the strand parking lot. Unfortunately, the bids are over what we budgeted for. Only had two bids come in for the project. One was Brico out of Pembroke, GA and E&D Contracting Services out of Savannah, GA. Both projects came well above what we budgeted for. Once we stated the project and realized that we wanted to go ahead with many of the elements with the HDR Plan such as putting in the compactor, the underground electrical. Prices went up and plus the delays. When you look at the two contractors, even within a couple of weeks, it would not get done before the season starts. Had a staff meeting with Jan, Joe and Sharon and we discussed the situation. It is my recommendation that we do not take this proposal. We go back to the drawing board. We take the construction plans and fold them into the Tybrisa Project and get them both done at the same time in the fall. See if we can get some additional funding.

Sessions – Are we going to get the parking meters up and going?

Schleicher – The beauty with the Pay and Display is that they are mobile. They use solar and bolts. We will be installing the ones at 14th St. We are going to close off the Strand and put everybody in the 14th St and on Tybrisa until we can get the new meters up and running on the strand. The meters are usable.

Sessions – When will that happen?

Schleicher – 14th street will be metered this week. The strand will be off in two additional weeks.

Fox – Need to re-plant the South Beach Parking Lot where the trees were removed.

Wolff – Jack Kingston talked about a federal program that pays 55% of Water and Sewer Projects. He is hoping we can save 55% on Ft. Screven job which would save us roughly \$600,000 minimum which would make up the difference on this project. We might qualify.

Williams – Who on staff would be investigating grants and writing grants to get additional funding.

Schleicher – I am ultimately responsible for grant writing. I will be investigating and Jan Fox has been a great help, and there is a grant committee. I would like a meeting to do that and put together a grant committee. Good time to talk to our legislators this week about anything that we can put into the budget.

Wolff – Can we borrow against 2008 SPLOST?

Fox - Even if we weren't able to get grants, we would have the opportunity to budget into the following year because the project is a six month project. No reason why we wouldn't get started this fall. We have time shift. Need bids in May and June.

Sessions - Fire Department Grants are plentiful. Could you put them on your list?

Mayor Buelterman – Workshop sometime in February. Need to send someone to attend.

Schleicher – Did share the plans with the Economic Development Committee. Had a lot of participation with the local businesses to look at the plans. They thought they were well thought out. Major developments were there.

Schleicher – Business owners who attended the meeting are also adamant that they could not afford to have March and April disrupted with construction. This works better. They did not want any construction to start until after Labor Day.

Mayor Buelterman - Motion for Approval for council members to make day trips to nearby skate parks to talk with officials.

Wolff made Motioned for approval for Council Members to make day trips to nearby skate parks,

Wolff - It makes sense to me between now and the next City Council meeting for us to be able to use the city vehicle to go to Hilton Head, Jacksonville or any other Skate Park within reasonable distance. I would like to get a better prospective as to exactly what the effects are going to be, what mistakes we can avoid and what we can do right.

Williams – Hilton Head does not have a concrete park. It's Jacksonville, FL and Athens, GA are the two closest. I can give you the contact numbers for The League of Services Director in Athens.

Crone – Why are we waiting until now to do this? It should have been done before it got this far.

Williams – I did do it months ago.

Mr. Pearce seconded the motion,

Williams – Is the money coming out of the Council Members travel budget?

Wolff – Just asking for gas money for a city car.

Mayor Buelterman – Motion is to approve for Paul Wolff to travel to investigate other sites with funding coming out of the council members allotted travel budget for the fiscal year.

The vote was 4 with Wolff, Pearce, Sessions and Williams voting in favor and. Crone Opposed.

Sessions – Has Diane been involved in meetings with Mayor of Athens.

Williams – I have forwarded all emails to everyone.

Mayor Buelterman - Class and Comp Plan /City Manager and Clerk

Mayor Buelterman - We can discuss this now at this meeting or discuss this at the meeting on February 10, 2007. Do whatever evaluations that we need to do between now and February 10, 2007. I want Wanda Doyle to be involved with that.

Mayor Buelterman - Approval for Mallory Pearce to attend National League of Cities Conference in March in Washington, DC.

Pearce - Motion to approve out of state travel to Washington, DC, Crone seconded and the vote was unanimous.

Pearce - Motion to Adjourn, Crone seconded and the vote was unanimous.