

Minutes of the Special Council Meeting  
May 30, 2014 at 9:00 am  
at the Municipal Building on Addison Street

1. Mayor Paine calls council to order and roll call is taken. All are present: M. Feyedelem, G. Finger, D. Kaminski, G. Ritchie, P. Seeholzer, and J. Wolfe.

2. All rise and recite the Pledge of Allegiance to the Flag

9. First Readings - none

10. Second Readings - none

11. Third Readings & Emergencies

11.1 **RESOLUTION NO. 2014-R- 1 : A RESOLUTION HIRING PART-TIME SEASONAL POLICE OFFICERS IN THE VILLAGE OF KELLEYS ISLAND AND DECLARING AN EMERGENCY.** (INTRODUCED BY: MAYOR KYLE PAINE)

Motion to suspend the three reading rule, made by Kaminski, second by Seeholzer; RC: M. Feyedelem- yes, G. Finger- yes, D. Kaminski- yes, G. Ritchie- yes, P. Seeholzer- yes, J. Wolfe- yes; motion carried.

Motion to pass, made by Seeholzer, second by Feyedelem; RC: M. Feyedelem- yes, G. Finger- yes, D. Kaminski- yes, G. Ritchie- yes, P. Seeholzer- yes, J. Wolfe- yes; motion carried.

15. Old Business

15.1 Discussion of the implementation of a local income tax for Kelleys Island:

Mayor Paine says that an income tax might have political repercussions in the passage of levies. Ritchie suggests that everyone give their opinion during the discussion. Seeholzer wants the General Fund built up for large projects that might be emergencies. Finger thinks that an income tax might be more equitable than other ways to raise money that have been discussed. Seeholzer thinks that an income tax is the fairest way to consistently get money into the General Fund. Finger suggests that council wait until after November levy time to do an income tax. Wolfe supports an income tax. Finger says let's talk about the projects we never do because we are always using the money for something else. Finger thinks that this is a proven way to create money and he supports it.

Ritchie does not favor doing an income tax right now for two reasons. First the General Fund is in good shape and gaining money because it is not negative spending and second the Airport Levy is on the ballot in November and a lot of the people voting on the levy will be affected by an income tax. Seeholzer asks Ritchie, if the levy fails will he support an income tax. Ritchie replies that he does not think he would. He would try the levy again.

Feyedelem asks Solicitor Lambros if typically communities have an income tax and levies. Lambros replies that some communities just have an income tax and some have levies also. He does not think that they are necessarily linked.

Brown adds that in her conversations with other small entities like Kelleys Island, income taxes have been implemented when the community no longer supports levies. Kelleys Island voters have always given strong levy support. The problems in the General Fund from several years ago were alleviated by passage of the last General Fund levy. Brown doubts that an income tax would bring in as much revenue as the last General Fund levy does and if an income tax caused less support of the levies, the village would actually lose some of its current revenue.

Kaminski asks who would be taxed.

Ritchie explains, and the solicitor affirms, that everyone who claims residency on Kelleys Island would be subject to the tax. If they claim residency and work off-island they would be subject to the tax unless their work location had an income tax and Kelleys Island allowed a credit for payment of income tax to another community. The work community's income tax takes precedence.

Solicitor Lambros explains it another way: If your domicile is here you get taxed, if your business is here you get taxed, if you are a non-resident and work here you get taxed. When questioned about if the Ferry Boat Line would be taxed, it would not be. The employees are not on the island long enough to qualify as working on the island. To qualify for the tax an employee must work on the island for 20 or more days.

Finger asks if this discussion is about an income tax or about the timing of implementation of an income tax. The general council response is that they are still deciding on whether to implement an income tax or not.

Ritchie volunteers that he thinks the gross that could be raised with an income tax would be \$30,000 to \$40,000.

Bill Minshall repeats that if someone is a resident here and works off-island, would they be taxed? The response is "yes". Minshall thinks that an income tax would jeopardize the passage of any future levies.

Solicitor Lambros says that he consulted with a colleague who is a tax attorney. He and Lambros know communities that depend on RITA for administration and also communities that have their own tax administrator. Brown asks the solicitor if RITA would be the Tax Administrator or would that be a new position at the Village. Lambros replies that to have a successful tax collection, a tax administrator has to drive around the community and look for changes in ownership, even stop and ask questions door to door to make sure everyone is on the tax rolls. RITA is not as diligent as a local Tax Administrator and RITA does not provide that kind of local service. Brown comments that it sounds like a full time job administering an income tax and that position would have to be paid out of the tax revenue. It might even be doubtful that a Tax Administrator could be hired for \$30,000. RITA would also take 7% or more for the actual collection work. Kelleys would pay a higher percentage than larger communities because of the low volume in tax collection.

Seeholzer says that the Finance Committee has worked really hard on ideas to raise money and every time reasons are found to not implement them: that a part of the community will be upset for instance. The Finance has worked on the hotel tax, the marina boat dockage tax, the room rental fees, and the income tax. None have made it to implementation. That is the reason Seeholzer gives to ask for a total council work session on the topic. Seeholzer suggests that any new revenue stream ideas be worked on by all of council in the future.

Brown asks that council vote today to either move the legislation for an income tax forward or not, so that there is a clear decision.

Finger says that the Finance Committee has worked really hard and the General Fund is OK now and after council review, it doesn't seem worthwhile to pass an income tax.

Solicitor Lambros says that members of council can either table the legislation to a specific date or do a general tabling. The general "motion to table" would take it off the agendas, etc., until a member of council brought it back.

**Motion to table the income tax legislation**, made by Seeholzer, second by Wolfe; all in favor; motion carried.

Ritchie wants to do a letter that the mayor and members of council would sign that explains why the airport levy is needed. Ritchie will start the letter. It is unclear if everyone is willing to sign the letter. If everyone will not sign the letter, then it can't be stated that it is from all of council.

Seeholzer asks what will happen if the fair market price is not accepted by the Schreiber family. Lambros says that they might come with a counter offer.

17. Motion to adjourn, made by Finger, second by Ritchie; all in favor; motion carried.