

KIRTLAND CITY COUNCIL MINUTES

May 31, 2022 – Work Session

The work session meeting of Kirtland City Council commenced at 6:00 p.m. Council members present were: Ronald Fenstermaker, Scott Haymer, Jeffrey Ruple, Matthew Schulz, Joseph Smolic and Eric Ziegler. Richard Lowery was absent.

Mayor Kevin Potter, Law Director Matthew Lallo, Finance Director Louis Slapnicker, Service Director Joseph Fornaro, Fire Chief Anthony Hutton and Senior Center Coordinator Teresa Szary were also in attendance.

Council members reviewed and discussed the spreadsheets provided related to funds that would be generated by different millage for a levy, along with funds that would be generated by an income tax increase. Pros and cons of a levy vs. income tax increase were also discussed.

Councilman Ziegler stated concern about the effect of a property tax levy on the City's senior citizens that are on a fixed income. Mayor Potter noted that the percentage of Kirtland's population over age 65 is 22 percent, which is the tenth oldest population in the state. He noted that many of the Old Town residents are senior citizens, who will have additional cost related to the upcoming sewer project.

Mr. Slapnicker stated the benefit of income tax is that it will grow. He stated that many other cities have chosen an income tax increase over a property tax, noting that he confirmed with the County that the City has 3064 parcels that are taxed. Mr. Slapnicker noted there are three classifications of income tax – there are 934 individuals that live and work in Kirtland; 4,593 individuals that live in Kirtland and work outside of Kirtland; and 4,947 individuals that work in Kirtland but live outside of Kirtland (2020 numbers). With regard to the income tax break-out of those classifications, those that live and work in Kirtland generated \$518,000 income tax in 2020 (14 percent of the withholdings). Those that live in Kirtland and work outside of Kirtland generated \$1,360,000 income tax in 2020 (39 percent of the withholdings). Those that live outside of Kirtland and work in Kirtland generated \$1.6 million in 2020 (46 percent of the withholdings). He noted these numbers are important in determining who the income tax is affecting.

It was noted in discussion that a change in the income tax rate would require a charter amendment. Mr. Slapnicker noted that Council can change the tax credit without a vote of the people; he noted that tax credit affects only those that live in Kirtland and work outside of Kirtland.

With regard to a property tax levy, Mr. Slapnicker stated it would be a fixed amount and would compete with school levies; it would affect retired individuals.

Since the income tax will grow over time, Councilman Schulz inquired about the possibility of over-funding for roads in the future, if the increase is committed only for roads. Discussion ensued regarding bonding for rehabilitation work needed sooner rather than later. Mr. Slapnicker noted there will be ongoing maintenance costs, which cannot be bonded. Mayor Potter noted the funds would also be used for drainage projects. Mr. Slapnicker noted that, if necessary, Council would have the ability to increase the tax credit, thereby reducing the revenue. Mr. Lallo noted that a maximum limit on the income tax could be established in the Charter, and the Ordinance could be modified so that it remains at or below the maximum.

Discussion ensued regarding the appropriate income tax rate that would be needed to fund the road program.

There was no further discussion, and the work session meeting adjourned at 6:56 p.m. upon the unanimous consent of Council.

President of Council

Clerk of Council