

MEDINA COUNTY SCHOOL SALES TAX COMMITTEE
MINUTES of JANUARY 22, 2007

▪ **ATTENDANCE**

Black River Local School District

Michael Gannon, Board Member
Connie Hange, Treasurer
Janice Wyckoff, Superintendent

Brunswick City School District

Patrick East, Treasurer
Susan Muniak, Board Member

Buckeye Local School District

Carolyn Weglewski, Treasurer

Cloverleaf Local School District

Gary Bowen, Treasurer
Beth Raftery, Board Member
Michael Schmidt, Board Member

Highland Local School District

Mary Markle, Treasurer

Medina City School District

Jeff Eble, Business Manager
Wallace Gordon, Treasurer
Randy Stepp, Superintendent

Wadsworth City School District

James McIlvaine, Board Member

Medina County

Pat Geissman, Commissioner
Steve Hambley, Commissioner
Chris Jakab, Administrator
Scott Miller, Finance Director
Sharon Ray, Commissioner
Bill Thorne, Assistant Prosecutor

Other

Mike Sharb, Squires, Sanders & Dempsey

▪ **CALL TO ORDER**

Medina County Commissioner Steve Hambley called the meeting to order at 1:35 p.m. in Balcony Room B of the County Administration Building.

▪ **WELCOME AND INTRODUCTIONS**

Mr. Hambley thanked everyone for coming and everyone introduced themselves.

▪ **MINUTES OF JANUARY 16, 2007**

There were no minutes to review.

▪ **REVIEW OF SCHOOL DISTRICT RESPONSE TO COMMISSIONERS' LETTER OF DECEMBER 6, 2006**

Mr. Hambley noted that these responses were written affirmations of how the school districts intend to reduce local school district property taxes should the sales tax be enacted, and how the proceeds of the sales and use tax would be utilized for construction or capital improvement needs. Medina City School District's response was distributed.

▪ **TIMELINE**

Mr. Hambley noted that the election will be held May 8, 2007. The public hearings (February 5 at 7:00 p.m. at the County Administration Building and February 12 at 10:00 a.m. at the County Administration Building) have been advertised.

▪ **DISCUSSION**

▪ Draft Resolutions

Mike Sharb noted that the updates in the resolution suggested at the last meeting and made are:

JVS and MRDD are included as local direct applicants for grants (MRDD is not a political subdivision; therefore, Medina County is the conduit)

Reworked formula description and how the formula works and added to the bottom of page 2: The CIB shall cooperate with the school districts to provide standards as to the elements to be used in calculations set forth above.

The last paragraph of section 2 (amendment process to formula) was updated. The process to change the formula is the Board, the CIB, and a majority of the school districts (acting through resolution)

It was suggested that "Medina County" be added before students going to another school district or coming in from another school district.

▪ Additional Statistics and Financial Data

Mr. Hambley stated that ADM information is needed from Black River Local School District this week so that everything could be finalized the following week.

▪ **QUESTIONS AND CONCERNS**

Mr. Hambley stated that it would be beneficial for the school districts to attend the public hearings.

Assistant Prosecutor Bill Thorne stated that he found no authority that would allow this Board to be restricted in the manner that was set forth. It appears that the ballot language would not need to be limited to schools only. Mr. Sharb stated that the ballot language would not appear in the actual resolution. When the resolution is delivered to the Board of Elections to submit them to the ballot, at the same time, a sample would be delivered of what is desired on the ballot. There had been previous discussion about how that would be viewed by the Secretary of State and the County Board of Elections.

Mr. Thorne said that he had been asked to review the law and he has found no justification for that or the limitation on the Board's authority. The Commissioners can only do what is authorized by law. The actual Board would have authority. Another way is for the board to set the guidelines for themselves. The statute allows for the allocation by the commissioners by levy proceeds under certain circumstances, but not under this particular section in this manner. A request of the Attorney General's opinion would not be received in time for the May ballot. Mr. Thorne stated that if the levy is placed pursuant to the statute, the ½ mill would be open for other uses as well if it became necessary. At this point, it doesn't appear that the board can be limited in that way. The statute does give the CIB the ability to adopt that regulation after they've been established, but not as part of the resolution establishing them.

Mr. Sharb stated that all of the parties have made a clear expression of what is desired.

Commissioner Pat Geissman stated that she had a concern. When they visited the Board of Elections recently (during budget reviews), it was expressed that there could be a concern about the payment of putting the issue on the ballot. According to two of the people who serve on the Board of Elections, there is no mechanism in place to bill the school districts and since the commissioners would be putting it on the ballot, the commissioners would have to pay for it. There's no official opinion on it. The suggestion was that each school district pass a resolution that they would pay back the commissioners through the auditor's tax settlement. The cost would be divided by precinct per school district.

Mr. Hambley noted that the cost is not yet known because the commissioners don't know all of the issues that will be on the ballot; however, they do know that Wadsworth City EMS and, potentially, recreation, Brunswick Schools, Medina County District Library, and Buckeye Schools' income tax will be on the ballot.

The following is verbatim:

Pat Geissman (PG): Has Mark Dolan spoke to the Executive Committee yet in regards to something that I've offered as far as supporting this on the ballot for five years? Has that been suggested to anyone?

Two People: He communicated it.

PG: And I know there's problems with that, but also it gives an opportunity for the school districts to show that they have reduced property tax or have not asked for any further in the five years and it also would show the community that it's working and it could be renewed. I have a real problem with this because you are asking us to take one-half percent of the availability that we have to garner more funds if we need it and I just can't give that away for 30 years. I can't do that. I don't think you would do that as school board members if we came to you and asked you for some of your ability to raise funds. I don't think you would give to us for 30 years. A couple of you have already told me no. So it's a real concern of mine. I certainly support the schools and I was in Columbus Friday and I understand the governor is considering a three-quarter percent sales tax for the fall ballot as well as some other issues and also I have asked the governor to give the school districts the ability to have their own one-half percent sales tax and of course they can't do that before the May ballot, but it is something that they're going to be discussing to give you your own that you can go and as long as the school districts are unanimous about it that you would be able to put it on the ballot yourself instead of going through the commissioners.

Susan Muniak (SM): I don't want to speak for the whole committee. I can only tell you that there was some discussion (e-mail discussion) but five years would not be a term that we could do the schools any good because if you have this money strictly for five years then we have to worry about going through the whole thing again to either renew it because it's not something that's renewable. It took a lot of work for us to get here to do a sales tax for any amount of time. The reason that we looked at 30 years is because it's permanent improvements. We could use it for bonds for building which is where a lot of districts need the money. We can't build something in a five year period of time. Would that amount of money be enough to guarantee it (to) for a bond for a new building or even for expansion of other buildings. We have the same problem with permanent levies. We are constantly going back which is what the public doesn't want to see. We couldn't permanently reduce property tax for any extended period of time with a five-year period. For instance, Brunswick right now will not collect a renewal which was for five years. But if we don't collect it in all that, then we're either faced with trying to renew a property tax which in essence would be a new tax and it's much harder to pass a new tax than it is to renew a tax. And this is just some of what was going back and forth, those who got the e-mail. Correct me if I'm wrong,

but this is why five years is not a period that would make sense for us to go through all this work to try and get it to go through for a five year period.

PG: And see, I can't support anything for 30 years because I don't know what's down the road for the county and I was elected to represent the county and I feel very strongly about giving away one of our abilities to raise funds for the county. We just don't have the crystal ball to say what's down the road. But I understand what you're saying and I know that school districts have always had to put renewals on, whether it is for an improvement or whether it's for operating, that they do have renewals and also there is another avenue that I think many of the school districts here have not looked at and that is the income tax that was changed last year so that it's much easier to pass as Cloverleaf did and I think that's what Buckeye's going to do now is put on an income tax. So I think you should really use all of your own resources before asking us to do something that really ties the hands of future boards. And I just want to express myself so that you fully understand why I cannot support this on the ballot unless it would be for a short period of time and see what the state's going to do and see if you can get your own sales tax to have operating funds for your schools.

Someone: Mrs. Geissman, can I ask you a question? Living in Lodi in a consolidated school district like Cloverleaf is. Even if the state offers individual communities, we're not a Brunswick, we're not a Wadsworth, we're not a Medina. Do you see Lafayette, Chatham, Lodi, Seville all embracing this?

PG: Embracing what now?

Someone: A lot of individual sales tax.

PG: It would have to be a county-wide and all school districts would have to be unanimous in wanting to do. It would be very similar to what you're doing right here.

Someone: So it would have to be county-wide. My interpretation is that there's no way each community could do that. You know?

PG: Yes.

Someone: The other point I have to draw is we were successful with the income tax issue and I'm very proud that we chose that course and that it was successful for us. But I don't think you can continue to go back to your community for permanent improvement money based on your income tax for your operating expenses based on income tax. That will run the same well dry as the property taxes have.

PG: I think there needs to be a variety of revenue sources for our schools. I think I've stated that – that there has to be a variety. And I have no problem with sales tax because I think sales tax is one of the fairest taxes there is. But I'm objecting to using the county's one-half percent sales tax and I'm sure if you were sitting in my seat, you would see exactly what I'm talking about because as a school board member, I know you wouldn't give the county your revenue source to raise funds for the county.

A Man: Well, let's cut to the chase here. I mean, are the commissioners going to approve this resolution?

Steve Hambley (SH): Commissioner Geissman speaks for Commissioner Geissman at this point.

A Man: Well, if we're all just spinning our wheels – a lot of work has been done here.

SH: We've had discussions in the last several weeks about the twenty year versus the thirty year. It was presented here. I was unaware of the backroom discussions I guess were going on with Mr. Dolan and committee members on the five year compromise in order to get Commissioner Geissman's vote and support. Obviously, I have a different opinion myself on whether it's not the commissioners' money. It's the county money, it is the people's money, and it's up to them to make that determination. And I still believe the county commissioners have plenty of taxing authority remaining after this half percent. For all intents and purposes, there's a great number of taxes and taxing authority available beyond the half percent, beyond this.

A Man: Steve, how much is it – the authority taxing percent?

A Man: I was going to say. Could you talk about that a little bit? Because, I mean, obviously, I respect your opinion and Pat is communicating her concern. How much authority do you have? You're talking about taking away a half percent.

SH: We have a half percent specifically for general fund purposes. We have up to one and a half percent that's available for a sales tax up for public transit purposes. Likewise, we have a public utility excise tax up to two percent that's available to the county commissioners. We have a real property transfer tax that is another additional dollar producing about

\$900,000 a year now. There's court fees, all sorts. Believe me, as you start doing the research, and I actually did do quite a bit in identifying our parts of ORFC, there are a number of other taxing authorities that the board of commissioners have and still retain. And I'll just say that I'm personally comfortable, and certainly in the public venue, willing to defend that position.

A Man: I guess that's the question. Do the two of you feel like this would handcuff you at some level and prevent you from doing some things for the county in the future if you were to utilize a half percent of your authority for the schools in the county? Would you feel like that would prevent you from...

Sharon Ray: I believe there's another, or enough alternative, revenue streams out there that we could have alternative taxing roads we could go down if and when that would ever become necessary. I feel very strongly that we've made a commitment to education here in Medina County and I think it's very appropriate we explore this. Many of you know I was recently re-elected, and this was the number one issue people wanted to talk about and they wanted to talk about alternative revenue streams as opposed to just the property tax. For a lot of you who've been here all your life, you know what I'm talking about. The property taxes have jumped outrageously and I think you're going to get to the point where you're going to hit the wall and not be able to pass any more property tax increase. It doesn't take away the need. I certainly understand you're looking for long-term because you have building projects you have to do. And five years isn't going to cut it when you need to build a new school. So I certainly think it's time that we allow the citizens of Medina County to determine if they want to decrease their reliance on property taxes. So I'm very comfortable voting for this.

SM: And I'd just like to say that I've been on the school board almost 20 years now. I have been waiting for the state to change something somewhere along the line whether it's been Democratic, Republican, all Republican, all Democratic, and all this kind of stuff and nowhere have they changed anything with the funding or the method for us to get funding other than do it on your own. Whether they do come up with a sales tax for schools as you're saying, I will be quite amazed. But this is the way we can get Medina County to support Medina County. It's an alternative for people in Medina County from the property tax. It gives us the ability to have other people paying for us – people outside of Medina County paying for something in Medina County.

PG: That won't be for long though. The sales taxes are being streamlined right now. Any car that's purchased out of the county, the sales tax comes back, but pretty soon, everything will be taxed. That's why when you buy gasoline and some of your registers are getting your zip code, everything will be coming right back.

SH: I'm sorry. The gasoline tax is a wholesale tax. It doesn't apply at the local level.

PG: Well, all the taxes though will be streamlined to go back to...

SH: Let me ask you this. You've indicated support for basically giving the school districts permissive authority for permissive sales tax. Does that mean that the CCAO Board of Directors has altered their position? Because, historically, they've opposed any increase in sales tax authority for any other entity other than the county. Have they changed that?

PG: I was at a board meeting on Friday and every commissioner there was very much against Boards of Commissioners giving away of their sales tax authority.

SH: Well, I guess that's the question. Because this proposal has been at the state legislature for years. Craig Bailey isn't here. For a number of years, they've tried to get the state legislature to allow sales tax for the purpose of schools more directly. And the legislature has just stone-walled and said no and the CCAO legislative agenda and the board's position has been no – it's reserved for counties and literally should not be used. They didn't approve or didn't endorse the idea of expanding the permissive sales tax for the purpose of schools.

PG: I think you're absolutely right.

SH: OK, so the board hasn't changed their opinion on that then.

PG: No, but they do support the fact that the new governor and legislature...giving the school systems themselves the ability to have a sales tax and that's what they will be looking at.

SH: And CCAO... you think the board is going to endorse that?

PG: I don't know. It hasn't come up to endorse it or not. It's brand new. We have a brand new governor. We don't know what's going to happen.

SH: But it's the same legislature.

Carolyn Weglewski (CW): Is there some way we could put something in this resolution that would, if that came to be, that it could flip back to our own authority? The voters still gave it to us, so what's the difference whether it's against your taxing authority or our own?

SH: You might have gotten the latest update of the sales tax fact sheet. Chris Jakab asked the department of taxation regarding that issue and their interpretation has been that this, as an issue, can be repealed; it can only be repealed by the voters. So in other words, the board of commissioners would have to place it on the ballot as a repeal as a way for people to reverse it. And that appears the only way that it could be done. If anything, it assures the schools, I think, that if you were going to bond against it, you would want to make sure that you're not just arbitrarily a minority board to be able to go in and basically subvert and overturn that issue. But I think that's probably the only way that it can legally be done.

CW: It could increase your authority by half a percent since we already got the half percent is what I guess I'm saying.

SH: Oh.

CW: If they do give us the authority.

SH: Well, I guess, I don't know. I can't answer that.

A Man: I guess there's a danger of the way state funding has gone over the years. We all know that we hope to see things happen that just don't happen. And for all of the last ten years has kind of proven that. I guess I would agree with Sharon and Steve – let the voters decide this because ultimately we can want it as bad as we want it, but if the voters say no, then it's no; we don't have a choice, we live with that. We've done that in the past. And I agree that it's county money and the citizens pay. There's one thing I've heard – it's something different than a property tax over and over and over. And, I'll be honest with you, I've had an opportunity to speak to a ton of people since this has started and I really have yet to hear one person tell me that this is a bad idea. People want to know what it's for which is why I think it's wise to have these documents to describe what the money's for. But I think that, overwhelmingly, unless I'm totally missing the boat, people will support the sales tax.

A Man: I've had people that have historically voted no on every single issue, talk to me saying that this is a great thing and they will very, very strongly support it and campaign for it. I mean people who have voted no on everything and they're in favor of it. They think it's the greatest thing.

SR: Make no mistake. It takes an awful lot of courage to be first to do something and this is certainly cutting edge. But you've got to try something different. I mean, the reality is that Medina County is one of the wealthiest counties in the state of Ohio. We're not going to benefit from anything the state does.

A Man: If anybody saw the Plain Dealer yesterday, I mean, two front page articles pretty much bashing the initiative for the constitutional amendment. I mean, right out of the gate! I mean the two front page articles on that section pretty much say this is not a good deal.

SH: The one thing I got from that, and we start looking at that initiative, that's probably the most generous of state dollars to public education and it still requires local dollars. Their initiative said a five mill for permanent improvement still has to remain come from local dollars, as well as your operating your ceiling. Regardless of what the state does, you're still going to need local. For me, the question still remains: how do you want to pay for it? Do you want to do just property taxes or do you want a combination? And here's an opportunity for some of that local to be coming from sales tax.

SM: And, again, in the complication of school funding, local is operating on permanent improvement. That five mills doesn't go very far in your operating budgets, as we know. We still have to find a way to appease the voter. I can still reiterate – senior citizens want their property reliance reduced; they can't afford it. I think our vote supported that this time. We have a higher population of retired income. I don't know how we can disregard the fact that, I know in our district, all they want is a reduction in over-reliance in property taxes.

PG: I think that's wanted throughout the county. It's not just our area, it's everywhere. I do have one other concern with this going on the May ballot. With things being talked at on the state level, as to regards to put something on in the fall, I'm sure that's going to come out before the May vote and I'm just concerned on how confused it might get people in the county. I know that Mr. Bailey had said they are going to come with an income tax and it's like, what do these people vote for. Are they going to vote for the income tax, are they going to vote for the sales tax? What's in their mind when the state comes out. What are they going to do? I think there's going to be total confusion and I think that you're setting yourself up for failure on the May ballot because of all the confusion. I think it'd be much better to wait until November and I heard what this lady said that if you've been waiting 12 years, what's another 6 months?

SM: It's a big difference. It's a big difference. And November will probably be worse. If the constitutional amendment's on in November, people will be thinking that it's going to fix the funding and they're sure as heck not going to want to go through another sales tax whatever. There is no time in this county where we're going to have not one school district on the ballot. Because of the way our renewals work, we're always going to be on the ballot. Do I like in Brunswick being on the ballot with a renewal and the sales tax? No. But am I willing to work to get both passed? Yes, because we are finally doing something. Everyone keeps saying that we have to do something. I'm tired of waiting for the state. I'm tired of waiting for the state. We've come up with this. It's an idea that will work. We are a unique county in that we have all the school districts, even those with just a small portion of Medina County students, saying this is an idea that might work in Medina County. This is an idea that we can put forth and sell as a group, as a whole group saying it's good for all of us. It's good for all the people in the county. It takes away reliance to some extent, a reliance on property tax, it allows the districts that need to, to be able to build a school without asking for more property tax. Let's do it. Let's not keep talking about it. It's time to do.

PG: Well, I've been sitting here listening the last few meetings and I wanted to make sure that I expressed myself so that you were aware of what's going on.

This ends the verbatim minutes.

It was noted that 90% of the people that move to Medina County are moving here because of the excellent schools. It means much that the schools and county have come together to come up with a way to "lighten the load" for citizens.

There are three school district treasurers who haven't participated in the meetings. The other treasurers will contact them. Dr. LaForme, superintendent at MRDD, has been kept aware of developments.

▪ **NEXT MEETING**

It was consensus that future matters (costs assessment, resolution language) could be handled through e-mail and another meeting wasn't necessary.

▪ **ADJOURNMENT**

The meeting adjourned at 2:35 p.m.

Respectfully submitted,

Peggy Folk CPS
Assistant Clerk to the Medina County Board of Commissioners