

VIRGINIA:

A meeting of the Lancaster County Board of Supervisors was held in the Administrative Building Board/Commission Meeting Room of said county on Thursday, June 18, 2015.

- Members Present: Jason D. Bellows, Chair
 Ernest W. Palin, Jr., Vice Chair
 F. W. Jenkins, Jr., Board Member
 William R. Lee, Board Member
 B. Wally Beauchamp, Board Member
- Staff Present: Frank A. Pleva, County Administrator
 Don G. Gill, Planning and Land Use Director
 Crystal Whay, Building/Land Use Secretary

Mr. Bellows called the meeting to order at 7:00 p.m.

PUBLIC HEARING

1. Proposed FY 16 Lancaster County Budget with Capital Improvements

Mr. Bellows opened the public hearing.

Mr. George Bott, a District 1 citizen, stated that he wanted to speak to three issues concerning the budget. He stated the questions being raised are 1) is a total reduction on personal property taxes on all boats affordable, 2) what is the appropriate level of a budget's fund balance and 3) what are and how soon might benefits accrue from no boat tax. He stated, with a fund balance at the end of FY 16 of approximately four and a half million dollars, there is a lot of room to maneuver in the budget. He stated that the earlier version of the budget showed a deficit and the four cent increase in real estate taxes was proposed to eliminate the deficit, but now is probably not necessary. He stated that would remove one million dollars from the end of year fund balance.

Mr. Bott referred to the VIMS study by Dr. Murray and stated that his studies show benefits to localities that have no boat taxes.

Mr. Jimmie Carter, a White Stone resident, stated that he was representing the Lancaster County Chamber of Commerce. He stated that the chamber is concerned about the sluggish economy and had sent a letter in support of eliminating the boat

tax. He stated that they thought it was an investment in a local industry and that something new needed to be done to stimulate the economy.

Mr. Gordon Slatford of Irvington stated that a partial repeal of the boat tax would serve no useful purpose in his opinion. He stated that the conversation has been going on too long and something needs to be done now.

Mr. Jamie Stalnaker, a retired citizen, stated that every community in the Hampton Roads area has either eliminated or drastically reduced the boat tax and it has been successful. He stated that he was in favor of eliminating the boat tax in Lancaster County.

Mr. Joel Dugan, a District 1 citizen, stated that he had attended the meeting in which Dr. Murray had made his presentation. He stated that the presentation made the case that not having a boat tax would be good for the community. He suggested keeping the real estate tax levy the same as last year because the elimination of the boat tax will help grow the real estate base as well as generate business for the County.

Mr. Ken Knull, a District 1 citizen, stated that Lancaster County had beautiful natural resources. He stated that approximately thirty years ago the board of supervisors decided to keep the County primarily residential and by doing that, its primary income stream comes from real estate taxes. He stated that there is no place for young people to work, so they move away from the area. He stated that it is time to rethink the strategy and try to grow the County's economy. He stated that other areas are providing tax havens to promote business.

Mr. Bruce Sanders, an Irvington resident, stated that he wanted to thank the Board of Supervisors for opening a forum for discussion on the marina business and working waterfront with the boat tax committee. He stated that he knew the Board had limited options because of the Dillon Rule and the state mandates that local government set their own tax rates. He stated that the current tax structure in Virginia retards growth. He discussed the positive aspects of repealing the boat tax in Lancaster County.

Mr. Ed Hutya, a Merry Point resident, stated that he would like the Board of Supervisors to repeal the boat tax. He stated that since he moved to the area, he has seen a decline in the population and activity in the community.

Mr. Phillip Mumford, a Kilmarnock resident, stated that he was the director of the Boys and Girls Club and wanted to ask for the Board's continuing support for his organization as well as other non-profit organizations in the community. He stated that his organization helps take care of the youth in the community so their parents can be a part of the work force that helps with the economy of the County.

Mr. Charlie Costello, a District 2 citizen, stated that he was a boat owner and has used the local marinas for boat service. He stated that his concern was how can the boat tax be reduced and the real estate tax levy stay the same. He asked where the \$400,000 would come from next year and the following year with the budget. He stated that the people who will bear the risk are the people who cannot afford their real estate taxes to increase. He referred to Hampton and stated that the locality reduced their boat tax rate, but are now going to implement a decal program for boats. He discussed other localities' rates as compared to Lancaster County.

Mr. Howard Kyzer, a White Stone resident, stated that he would like to see the boat tax eliminated. He stated that he was a former member of the Economic Development Authority and understood that something different needed to be done to stimulate the economy in Lancaster County.

Ms. Kathy Howell stated that she moved to the area in 2009 and the tax rates have continued to increase. She stated that there is a large majority of elderly people in the County and the population is shrinking and the tax burden should not be placed on them and the working poor. She stated that tourism needed to be promoted for the area.

Mr. Joe Urban, a District 2 citizen, stated that he was a former boat owner and was opposed to shifting the tax burden. He stated that it is unfair to remove the boat tax and raise the real estate tax which will make housing more unaffordable. He stated that it was comparing "apples to oranges" to compare Lancaster County with Hampton or Gloucester and what they had done with their boat tax. He stated that some other localities, like Stafford County, that have reduced their boat tax are shifting taxes to other categories.

Ms. Bonnie Haynie, Lancaster County Treasurer, stated that she had helped Mr. Pleva and Mr. Gill with the preparation of the budget. She stated that she was proud of the work and that they had spent many hours in review of the budget. She stated that the fund balance at the end of the year on the spreadsheets matches the cash balance as of June 30th very closely. She discussed the annual schedule of tax payment receipts.

Ms. Haynie stated that last year was the first time in eight years that the County had to go to the bank to borrow money and she was proud of that fact. She stated that if the fund balance is left where it needs to be, then they will not have to borrow money. She stated that it was not fiscally responsible to borrow money to fund everyday expenses.

Ms. Haynie stated that some people have suggested that the Board look at not funding the pay increase of 1.5 percent for County employees. She stated that you cannot keep good employees without at least a cost of living allowance. She stated that because health care costs rise every year, there should at least be something to offset that.

Mr. Bill Pennell, a District 1 resident, stated that he was a boat owner, but he did not agree with repealing the boat tax. He stated that tax burden will be placed on the poor people. He stated that he and his wife coordinate a food pantry and he sees the poor people in Lancaster County. He stated that the population that is increasing is the elderly female. He stated that if the boat tax is repealed the money will have to come from real estate taxes.

Mr. Pennell referred to the comparisons to Hampton and stated that Hampton has tried twice to restore the boat tax. He referred to Gloucester and stated that their repeal just happened and no one knows yet what the result will be there. He stated that it will be a repeal of a luxury tax for all intents and purposes and recovering it on the most regressive tax, which is the real estate tax. He suggested taking some funds and bring universal broad band access to Lancaster County. He stated that would have more of an economic impact on the entire County.

Mr. Tom Smith, a District 3 resident, stated that he was concerned about the proposed 7.4 percent increase in the tax rate and thought it was too high. He stated that repealing the boat tax would make the increase even more. He stated that he was a boat owner, but he agreed with Mr. Pennell and Mr. Costello, in that the tax burden would be shifted to people who are less able to pay if the boat tax was repealed.

Mr. Floyd Hollister, a District 2 resident, stated that he was in favor of repealing the boat tax. He stated that he was concerned about the vacant real estate along the waterfront. He stated that real estate tax income would decrease and the properties would have decreasing values. He stated that is why he would like to see the boat tax repealed to entice more people interested in living on the water to come to the area.

Ms. Carla Gammon, a District 2 resident, stated that she thought she represented the average resident. She stated that she did not own a boat, but she would like to own a home. She stated that she did not feel she should pay extra taxes for someone that does own a boat. She stated that she is getting squeezed by both ends-people who are below the poverty level and now people who have plenty. She asked the Board to think about the average person when they are making their vote. She stated that she is middle class and cannot get a discount for anything.

Mr. John McConnico, former owner of Yankee Point Marina, stated that he was in favor of repealing the boat tax. He stated that other business will be generated once the boat tax is gone. He discussed some statistics about boating.

Mr. Barry Travis, a District 2 resident, stated that he would like to know what kind of jobs might be created and for whom if the boat tax is repealed. He stated that his children are going to college and more than likely will not be able to find jobs in Lancaster County when they graduate.

Dr. Bob Westbrook stated that some of the jobs that may be generated were for mechanics, fiberglass work and sales in the boating industry. He stated that as business picks up there will be more jobs that are created indirectly as well. He discussed the vocational center and students that are training for blue-collar jobs in the area. He suggested reducing the boat tax and leaving the real estate tax levy as it is and see what happens.

Mr. Bellows closed the public hearing.

Mr. Jenkins made a motion to consider adoption of the FY 16 Proposed Budget with Capital Improvements at the June 25, 2015 Board of Supervisors' meeting at 7:00 p.m.

VOTE:	Jason D. Bellows	Aye
	Ernest W. Palin, Jr.	Aye
	F. W. Jenkins, Jr.	Aye
	William R. Lee	Aye
	B. Wally Beauchamp	Aye

Mr. Jenkins made a motion to adjourn the meeting for five minutes before the public hearing on the CY 15 Lancaster County tax levies.

VOTE:	Jason D. Bellows	Aye
	Ernest W. Palin, Jr.	Aye
	F. W. Jenkins, Jr.	Aye
	William R. Lee	Aye
	B. Wally Beauchamp	Aye

2. Proposed CY 2015 Lancaster County Tax Levies

Mr. Bellows opened the public hearing.

Mr. Jack Larson, a District 1 resident, referred to the fund balance and stated that everyone has an opinion of what it should be, including the auditors and financial institutions. He stated that if the fund balance gets low, he thinks it will be more difficult to borrow and interest rates will be higher.

Mr. Larson stated that the real property tax is a regressive tax in that it weighs more heavily on those people in the lower income groups. He stated that people need to have shelter. He stated that the boat tax is not regressive, because owning a boat in most cases is a choice. He stated that the question has been how to pay for the elimination of the boat tax in the first year, but once it has been repealed, it is an every year cost. He stated that if the boat tax is reduced or eliminated, the Board is betting that people will come to the area and that is not a bet he would want to take. He stated that he would like the Board to remember the people who are in the lower income brackets and trying to make a go of it, as well as the elderly people on a fixed income. He stated that he respected the work that the Board does.

Mr. Lloyd Hill, a District 4 resident, stated that he was a boat owner and was opposed to the elimination of the boat tax. He stated that it was a case of have and have nots and trying to make the have nots subsidize those that have. He stated that shifting the tax burden is unfair and that the towns will be getting the jobs and revenue from the increased business and not the County.

Mr. Charlie Costello, a District 2 resident, stated that if the boat tax is eliminated, then merchants and farmers will also be looking for reduced taxes to help them with their businesses. He stated that the Board could be opening a Pandora's box if they repeal the boat tax.

A White Stone resident who just sold his home stated that the County is perceived as being unfriendly to boaters. He stated that boaters and retirees can go anywhere they want to live and there is no incentive to stay in the County. He stated that he would not want to see the tax burden shifted to others either.

Mr. Bruce Sanders, an Irvington resident, stated that there was a section in the code that allows boats that are over five net tons to be taxed as a separate line item and there are lots of counties that do that. He stated that those larger boats are the ones that they are targeting. He stated that the smaller boat business in Lancaster County is healthy. He stated that repealing the boat tax on the boats that are five tons and over could go a long way with helping the marina industry.

Mr. Bellows closed the public hearing.

Mr. Jenkins made a motion to consider adoption of the CY 15 Lancaster County Tax Levies at the June 25, 2015 Board of Supervisors' meeting at 7:00 p.m.

VOTE:	Jason D. Bellows	Aye
	Ernest W. Palin, Jr.	Aye
	F. W. Jenkins, Jr.	Aye

William R. Lee	Aye
B. Wally Beauchamp	Aye

ADJOURNMENT

Motion was made by Mr. Lee to adjourn.

VOTE:	Jason D. Bellows	Aye
	Ernest W. Palin, Jr.	Aye
	F. W. Jenkins, Jr.	Aye
	William R. Lee	Aye
	B. Wally Beauchamp	Aye