

THE TAX ATTACK

Chapter IX

On May 13, Gates Mills Council on the recommendation of the Village Finance Committee voted to place before the voters on August 5, 2008 a 1.9-mill Roads and Culverts Levy (similar to but smaller than the levy defeated in March of this year). The levy, if passed, will raise about \$420,000 annually for five years and will be dedicated solely to the roads and culverts work plan that aggregates \$3.9 million during that period.

In proposing a lower millage for the new issue, Council responded to concern that their estimate of inheritance tax to be received in the next few years, which was based on the average of the past 26 years, was too conservative. It was reasoned that, if the original estimates prove to be valid, there would be ample opportunity to identify other funds to complete the roads and culverts program.

In concluding to recommend that Council resubmit the roads and culverts issue, the Finance Committee considered a number of alternatives. While increasing the Village income tax rate (there are communities in which the rate is as high as 2.75%) requires the vote of the electorate, decreasing the current credit for local income tax paid to another community requires only a vote of Council. Each .25% reduction of the credit would raise an additional \$359,000. A .25% tax increase would raise somewhat more money.

Another option discussed was the termination of Village-paid trash removal. While this would relieve the current budget of approximately \$282,000 per year, we believe it would represent an after-tax annual cost increase to each household of more than \$300 which would correspond to a levy of about two mills for a Village residence appraised at \$450,000. Residents would be forced to contract individually for their service and would be subject to periodic market rate increases such as fuel surcharges.

Reducing on-the-road police coverage from two officers to one, eliminating residential surveillance during resident absences, and limiting the number of hours of snow removal and similar work by the service department were considered. They were dismissed as adversely impacting safety within the Village. Eliminating all non-emergency road and culvert repair (other than that co-funded by other government bodies) also has safety implications.

It is possible that the levy will be the only issue on the August ballot. As always, all voters may avail themselves of the absentee ballot.

Council also indicated that in November it will seek a renewal of the three-mill levy slated to expire at year-end. The renewal would run for five years and will raise no new taxes for the Village, as it would be based on the appraised value of real property in 1993.

These issues are serious ones for our Village. Regardless of your position on these matters, you owe it to yourself and to the community to seek out Council members and let them know your sentiments. Council is bound by law to operate within a balanced budget. If your priorities are not known you risk changes that will not please you.

It is also critical that everyone votes. The March election brought out only about half of our citizens. If you don't vote you have little status to be unhappy with the outcome.

Bob Reitman
Village Tax Administrator