

## MINUTES OF COUNCIL

August 10, 2017

6:30 P.M.

The Murray City Council met in regular session Thursday, August 10, 2017, at 6:30 p.m. in the Council Chambers of City Hall with Mayor Jack Rose presiding.

**Council Members Present:** Jeremy Bell, Robert Billington, Johnny Bohannon, Wesley Bolin, Linda Cherry, Danny Hudspeth, Dan Miller, Jason Pittman, John Mark Roberts, Jane Shoemaker, Pat Scott, Burton Young

**Council Members Absent:** None

**Staff Present:** City Attorney Warren Hopkins, Chief Jeff Liles, Cathy Morris, Jim Osborne, Bennett Moore, Zachary Warren, Kim Wyatt, Marilyn Downey

After a moment of silence, Wesley Bolin led the Pledge of Allegiance to the Flag.

Mayor Rose welcomed Council members and guests and called the meeting to order.

The Minutes of the Council Meeting of July 27, 2017 were presented for approval. **Mr. Bohannon moved; seconded by Ms. Shoemaker.** Mr. Hudspeth requested that the minutes be amended to reflect all the discussion regarding the proposed payroll tax. All present voted aye.

Mayor Rose presented the Mayor's Report as outlined below:

- a) Mayor Rose discussed a pending lawsuit against the City of Murray. Mayor Rose informed the Council that BFC Enterprises LLC had filed a lawsuit against the City. Mayor Rose informed the Council that he was served with that lawsuit on July 26, 2017 and has since worked to obtain legal counsel to file an answer. Mayor Rose advised the Council that any further discussions would have to be done in executive session.
- b) Mayor Rose reported to the Council that there will be a CERS Separation and Stability Forum on August 29<sup>th</sup> in Paducah. Mayor Rose encouraged Council members to attend and show support for separation of CERS from other Kentucky Retirement System plans.

**Public Comment** Mayor Rose stated there was no request for Public Comment.

Mayor Rose then addressed the Council and stated that he would like to have the ordinances introduced and then if there was a motion and second he would open the floor up for discussion.

**Ordinance Number 2017-1743** (first reading) an ordinance creating a new Chapter 75 regarding the imposition and administration of an occupational license tax requirement of one percent (1%) on gross earnings of an employee working and rendering services to an employer or business entity for compensation within the City of Murray. This ordinance shall be effective January 1, 2018. **Mr. Bohannon moved; seconded by Ms. Shoemaker.**

Mr. Pittman then made a motion to amend Ordinance 2017-1743 by adding the language that this 1% occupational license tax rate should not be considered for an upwardly adjustment for a period of at least three years from the date of January 1, 2018. **Mr. Pittman moved; seconded by Mr. Bolin.** Mayor Rose opened up the floor for discussion. Mr. Pittman stated that he has heard that the State is working on a tax overhaul plan and that the City should wait. He went on to state that he does not believe that we should rely on a plan that has not been created to fix past overdue problems in our community that need addressing now. Mr. Pittman said the Council had seen the numbers, the numbers were real and it is an issue facing Murray at this time. Mr. Pittman went on to state that he believes by locking this rate in for three years it shows folks that the Council is not going to raise the rates over night. He also stated that it gives the State time to overhaul the tax code if that is even possible. Mr. Pittman advised the Council that in three years if a better opportunity is in place that the City can look at to generate revenue then the City may abolish this and take that option. Mr. Billington asked Mr. Hopkins if this would remain the first reading. Mr. Hopkins confirmed that this would still be the first reading. Mr. Hudspeth addressed Mr. Hopkins by stating that the Council can change ordinances at any time they want so this

doesn't lock in anything. Mr. Hopkins stated it may not but it does show intent and if the Council respected the ordinance it would. Mayor Rose called for a roll call vote on the amendment.

**Ayes:** Mr. Billington, Mr. Bohannon, Mr. Bolin, Dr. Miller, Mr. Pittman, Ms. Shoemaker

**Nays:** Mr. Bell, Ms. Cherry, Mr. Hudspeth, Mr. Roberts, Mr. Scott, Dr. Young

**Mayor Rose cast a tie breaking vote in favor of the amendment.**

**Mayor Rose then called for a roll call vote on amended Ordinance 2017-1743.**

Mr. Roberts asked for clarification on what the Council was voting on. Mayor Rose advised it would be Ordinance 2017-1743 as amended. Mr. Hudspeth asked if Mayor Rose had called for questions. Mayor Rose gave Mr. Hudspeth the floor for comments. Mr. Hudspeth stated that he had the Mayor's report and tonight he had intended to go through it and refute some of the numbers that he believes are quite overstated based off of 20 plus years of experience on the Council. Mr. Hudspeth went on to state that he is not going to do that because it is recognized that there are 6 votes each way and Mayor Rose is going to break that tie so they have won, they have defeated the city sticker tax and now will put into place a new revenue source. Mr. Hudspeth stated there was no problem with that if that is the way we have to go, but he does not believe the Council knows for sure how much revenue this is going to raise. Mr. Hudspeth advised the Council that all these expenditures were still going to have to be looked at by the budget committee as they meet in mid-January to approve, disapprove or allocate the funds. Mr. Hudspeth reiterated that he did not believe the Council really knew how much revenue they would receive because everyone was doing their own math. He stated that there were three groups of people, people that were going to save some money, people that it was going to cost more money, and people who are sort of indifferent. Mr. Hudspeth stated the bottom line was that we are trying to help some people. He pointed out that Mayor Rose had stated he was trying to help the elderly. Mr. Hudspeth then pointed out that the elderly already get a homestead exemption that this year could mean \$37,000 off their property taxes and he is concerned about people on the bottom end of the spectrum who aren't getting a break. Mr. Hudspeth expressed his hope that the 6 Council members who vote for this would be open for compromise since they do not know what it will bring or how they plan to spend it. Mr. Hudspeth went on to state that they had listened to the business people, they should listen to the people's voices as well by allowing them a little flexibility on this rate if it is going to pass. Mr. Hudspeth then reiterated that the 6 have already won and tonight the Council would vote to repeal the city sticker and the pay rate would be in place and it will be over in 2 weeks. He also stated that in January of 2019 a new council will have the opportunity to adjust the rate if necessary. He went on to state that they have the payroll tax in place and he thinks they should consider reducing the rate to ½ % and giving a break on the first \$10,000 earned to help some of these people who are struggling. Mr. Hudspeth used the example that if an individual was making \$20,000 and you forgave the first \$10,000 then charged ½% they would end up paying \$50 which is what they are paying for a sticker now. Mr. Hudspeth went on to state that he felt like that would still bring enough money to do what needed to be done and the City needed to begin to budget like a business rather than spending money however they want to. Mr. Hudspeth closed by stating that he knew the numbers presented were overstated and he feels like the City can do better for the citizens.

Mayor Rose recognized Mr. Bohannon who stated that he resented that Mr. Hudspeth stated that we have won. He went on to state that the City of Murray is going to win. Mr. Hudspeth stated that it will always be a question of we and thee, whether it is personal or not. He went on to state that there are 6 votes versus 6 votes and if he offended Mr. Bohannon he apologized but however you look at it there are 6 votes versus 6 votes every time they vote. Mr. Hudspeth stated that it can be looked at as us versus they, or conservatives versus democrats, or however, but it's always 6 to 6 and the vote was what he was talking about. He then stated he did not mean to personally offend Mr. Bohannon and he thought the City should look at how they are going to compensate some of these citizens that are going to be affected. With no more discussion Mayor Rose called again for a roll call vote.

During the vote Mr. Roberts stated that he agreed with Mr. Hudspeth's comments from the July 26, 2017 meeting wholeheartedly and the statement that he made tonight. He stated that he was concerned with the lack of openness and transparency in this whole process. He went on to state that he is further concerned about the person living paycheck to paycheck who cannot absorb the 1% tax. He closed by stating that he is keeping his word and voting no on this ordinance. Mr. Scott also stated that he could talk a long time but it had already been said on both sides.

**Ayes:** Mr. Billington, Mr. Bohannon, Mr. Bolin, Dr. Miller, Mr. Pittman, Ms. Shoemaker

**Nays:** Mr. Bell, Ms. Cherry, Mr. Hudspeth, Mr. Roberts, Mr. Scott, Dr. Young

**Mayor Rose cast a tie breaking vote in favor of the motion.**

**Ordinance Number 2017-1744** (first reading) an ordinance repealing in its entirety Chapter 71, sections 71.01, 71.02, 71.03, 71.04, 71.05, 71.06, 71.07, 71.08, and 71.99 of the City of Murray Code of Ordinances, titled Licensing which relates to City Stickers. This ordinance shall be effective June 1, 2018. **Mr. Pittman moved; seconded by Dr. Miller.**

Mayor Rose recognized Dr. Miller who stated that he had waited 52 years to be able to repeal city stickers and this is a great day for the City of Murray. Mayor Rose then called for a roll call vote.

During the vote Mr. Roberts stated that he had a statement to make. Mayor Rose reminded Mr. Roberts that he had already asked for comments prior to the vote but he would allow him to go ahead. Mr. Roberts stated that they are getting the cart in front of the horse, Ordinance 2017-1744 hasn't even passed yet and the body is assuming that it will and is passing this on the assumption that the occupational license tax has already passed. He stated therefore he votes no.

**Ayes:** Mr. Billington, Mr. Bohannon, Mr. Bolin, Dr. Miller, Mr. Pittman, Ms. Shoemaker

**Nays:** Mr. Bell, Ms. Cherry, Mr. Hudspeth, Mr. Roberts, Mr. Scott, Dr. Young

**Mayor Rose cast a tie breaking vote in favor of the motion.**

**Resolution 2017-008** a resolution authorizing the City of Murray to review and execute any and all necessary documents to reduce the ad valorem tax rate on real property, watercraft, motor vehicles and insurance. **Mr. Billington moved; seconded by Ms. Shoemaker**

Mayor Rose recognized Mr. Bolin who stated there has been a lot of debate about the specific amount of money this ordinance would bring in. He went on to state that the number projected by the Committee was 4.5 million dollars based off of projections over several months. Mayor Rose pointed out that figure included the net profits tax and Mr. Bolin agreed. Mr. Bolin stated that in the event this tax brings in more money than projected there are a variety of ways it could be used. He went on to state that he was not going to make this in the form of an amendment but he would like to see any extra monies set aside to be used in the form of an exemption for lower class wage earners. Mr. Bolin stated he did not know what would eventually happen but he did agree with Mr. Hudspeth that there is a specific group of people in this community that needs help. Mayor Rose clarified that Mr. Bolin was stating a position and not making a motion. Mr. Bolin said he just wanted it to be a discussion. Mr. Bolin closed his comments by saying that if more money came in he felt like people on the lower end of the wage scale should benefit from it.

Mayor Rose recognized Ms. Shoemaker who asked exactly how the Council would do what Mr. Bolin is suggesting. Mr. Bolin stated there were a few ways it could be done including a lower rate for the first \$20,000 to \$30,000 dollars such as ½%. He also mentioned that you could put in a floor of \$15,000.

Mayor Rose recognized Dr. Miller who stated that the Committee did look at what Mr. Bolin was speaking about. He went on to state that there are legal barriers and the Council can't treat different classes of people differently. He went on to say that is why people who reside in the County pay the same city sticker rate as those in the City. He also questioned how you would monitor if someone moves into town in June and moves out in November and they are making \$100,000 a year and you have set this limit. He went on to state that if you assume a static workforce in terms of salaries and people moving in and out of the City this becomes very problematic and that may be the reason other cities have not done this. Dr. Miller stated that he did think it was something worthwhile to continue to explore. He also stated that Murray is unique in the fact that they are about the only city that does not have a payroll tax and if it would be possible to do what Mr. Bolin was suggesting legally he would be interested in investigating. He stated that thus far the Committee had not been able to come up with anything.

Mr. Roberts stated we are already doing it different than other cities and we are doing just fine.

Mr. Hudspeth stated that what they are talking about is what he just suggested earlier, reducing the rate and put a \$10,000 ceiling on it. He went on to state that the Council does not know what is going to come in and they have to budget based off what comes in and in 2019 when a new council comes on they can raise it or lower it or do whatever they want to do. Mr. Hudspeth reiterated that what they are talking about is what he just suggested and now it seems some people are ok with it. He encouraged those members to stand up and make an amendment next time it came up in two weeks because that's how you protect them. Mr. Hudspeth stated that the City is going to have enough money. The Council will budget

for what they have that first year and if it's not enough the new Council, if they see fit, can raise it and if it is too much they can lower it and that is the solution to all this discussion.

Mayor Rose then called for a roll call vote.

**Ayes:** Mr. Billington, Mr. Bohannon, Mr. Bolin, Dr. Miller, Mr. Pittman, Ms. Shoemaker

**Nays:** Mr. Bell, Ms. Cherry, Mr. Hudspeth, Mr. Roberts, Mr. Scott, Dr. Young

**Mayor Rose cast a tie breaking vote in favor of the motion.**

**Municipal Order 2017-023** an order reappointing Joy Waldrop to the Murray Electric Plant Board for a four (4) year term. Said term expires August 10, 2021. **Mr. Bohannon moved; seconded by Mr. Pittman.** All present voted Aye.

With no other business before the Council, **Mr. Billington moved to adjourn; seconded by Mr. Bohannon.** All voted Aye. The meeting adjourned at 6:54 p.m.

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Jack Rose, Mayor

ATTEST:

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Jim Osborne, City Clerk