

REGULAR SESSION, COMMON COUNCIL, AUGUST 23, 2021

Be it Remembered that the Common Council of the City of Plymouth, Indiana, met in regular session on August 23, 2021. The meeting was held in the Council Chambers, on the second floor of the City Building, 124 N. Michigan St., Plymouth, Indiana and was called to order at 6:30 p.m.

Mayor Senter led the Pledge of Allegiance and Councilman Ecker offered prayer.

Senter presided for Council members Greg Compton, Duane Culp, Don Ecker, Jeff Houin, Robert Listenberger, Shiloh Carothers Milner and Randy Longanecker, all of who attended the meeting in person. City Attorney Surrisi and Clerk-Treasurer Xavier were also present. The public was able to see and hear the meeting through Microsoft Teams.

Council Members Compton and Ecker moved and seconded to approve the minutes of the last regular Common Council session on August 9, 2021, as presented. The motion carried.

Clerk-Treasurer Xavier reported that the city received the following donations:

- \$500.00 from Hoosier Racing Tire for the Latino Festival
- \$1,000 from Indiana Wheel Co. for the Mayor's Month of Music
- \$1,000 from E&B Paving, Inc. for the Mayor's Month of Music
- \$1,000 from MC Convention & Visitors Bureau for the Mayor's Month of Music
- \$1,000 from Zentis North American for the Mayor's Month of Music

She asked if the council wished to accept the donations with the restricted terms, conditions and purposes attached to the donation. If so, the donation would be receipted into the Monetary Gift Fund.

Council Members Ecker and Compton moved and seconded to accept the donations with the restricted terms, conditions, and purposes attached to the donation. The motion carried.

Xaver distributed an article from the Pilot News written by an Economist Larry DeBoer from Purdue. The article talks about how local governments will just start to see the effects of the pandemic in 2022 due to the lag in how taxes move. Xaver warned that the city has not seen the last of the last year's pandemic before moving into the next one.

Xaver asked the council members and department heads to plan on reviewing the budget for 2022 at the next meeting. The public hearing for the budget will be held during the September 27th Common Council meeting, and budget is advertised to be adopted at the October 11th Common Council meeting.

News • Weekend, August 21-22, 2021

Last year's recession hits Indiana local governments in 2022

LARRY DEBOER, PURDUE UNIVERSITY AGRICULTURAL ECONOMIST

The National Bureau of Economic Research is our quasi-official umpire of recessions and expansions. Last year it marked the peak of the last decade's expansion as February 2020. In July it marked the trough—the economy's low point—as April 2020. That made the pandemic recession the shortest but sharpest decline in history. The trough of a recession means that things aren't continuing to get worse. We all know that the recovery still has a ways to go.

The recession may be over for the U.S. economy, but for Indiana local governments the recession is just about to start. That's because the property tax and the local income tax respond to economic changes with a two-year delay. What happened to the economy in 2020 happens to local tax revenues in 2022.

Here's why: County assessors set property assessments for 2021 based on what happened to property values, new construction and business equipment purchases in 2020. Tax bills for 2022 will be based on 2021 assessments. Next year's tax bills will be affected by last year's property values.

State law sets a maximum amount that local governments can raise from the property tax. This maximum levy can increase by a "maximum levy growth quotient." The quotient is based on the six-year average of statewide income growth. It's recalculated each July for the coming calendar year, based on the most recent data. This year's MLCQ was set in July 2020, based on income growth through 2019. The 2022 MLCQ was set this July, and included data from 2020. Recession year income changes will enter the levy calculation next year.

Local income taxes are collected by the state government and distributed back to local governments. Each year's distribution is based on revenue collected in the previous state fiscal year. So, the distribution for 2022, that the Indiana State Budget Agency just announced, are based on tax collections from July 2020 to June 2021. Most of those collections were from the spring 2021 income tax payments.

to June 2021, most of those collections were from the spring 2021 income tax payments, which were based on incomes from 2020. Local income tax distributions in 2022 are based on incomes from the recession year.

The Great Recession that troughed in 2009 affected local governments most two years later, in 2011. Statewide assessed values dropped by half a percent. That doesn't seem like much, but assessed values had declined only three times in the previous 59 years. Any drop was a shock. The drop in statewide income from 2009 entered the MLCQ formula, and the growth quotient fell from 3.8 percent to 2.9 percent. It was the lowest MLCQ ever. Local income tax distributions fell 23 percent, the biggest decrease ever.

The pandemic recession of 2020 will affect Indiana local governments in 2022. It looks like the effects of this recession will be smaller than in 2011.

The Indiana Department of Local Government Finance announced next year's MLCQ back in July. It increased from 4.2 percent this year to 4.3 percent for 2022. Statewide income actually grew more than usual in the recession year, because of the CARES Act payments and the added unemployment insurance benefits. Local governments can choose to increase their levies slightly more than usual.

In August the State Budget Agency announced local income tax distributions for 2022. They were down 2 percent. Part of this decrease was caused by the postponed due date for income tax payments, from the usual April 15 to May 17. The Indiana Department of Revenue wasn't able to process as many returns by the June 30 deadline for setting distributions. Part of that loss will be made up in supplemental distributions in May 2022, but the rest will have to wait until 2023.

We don't yet know what will happen to assessed values. We know that home values are rising. We also know that farmland assessments will be stable. Assessments of commercial property—such as restaurants, malls and office buildings—are the concern. If assessed values rise less than the levy, tax rates would rise and more people would hit their tax caps. Local governments would collect a smaller share of their levies.

Still, compared to the last recession, this one likely will have a much smaller effect on Indiana's local governments. The 2020 recession was sharp but mercifully short.

City Attorney Surrisi presented Ordinance No. 2021-2183, Elected Officials Salary

Ordinance for 2022, on first reading.

City Attorney Surrisi updated the Council on the Stellar Communities projects. He stated that the INDOT projects had been submitted for review. As for the OCRA funded projects, the REES Theatre would be signing their contract with the construction contractor on the 30th of August. After this, it would allow for the River Park Square Phase II application to be submitted to OCRA for review. They hope to start accepting bids in October or November. Surrisi said that there will also a Crossroads Committee meeting later in the week.

REGULAR SESSION, COMMON COUNCIL, AUGUST 23, 2021

Mayor Senter stated that the city is up 181 people over the 2010 census, which he felt is a step in the right direction.

Mayor Senter offered the privilege of the floor.

Kathy Bottorff from WTCA Radio asked what the proposed increases are in the Elected Officials' Salary Ordinance. Xaver stated she prepared the increases as she was instructed, and these increases were 7.5% for the Mayor, 4.5% for the Clerk-Treasurer and 3% for the Council Members.

Council members Ecker and Longanecker moved and seconded to accept the following

communications:

- Minutes of the Board of Public Works and Safety meeting of August 9, 2021
- August 10, 2021 Technical Review Committee Meeting Notes
- 08.23.21 Check Register
- July 2021 Clerk-Treasurer Financial Reports and Depository Statement and Cash Reconciliation.

The motion carried.

There being no further business to come before the Council, Council Members Longanecker and Compton moved and seconded to adjourn. Mayor Senter declared the meeting adjourned at 6:48 p.m.

Jeanine M. Xaver
Jeanine M. Xaver, IAMC, CMC, ACPFIM
Clerk-Treasurer

APPROVED

Mark Senter
Mark Senter, Mayor