

MINUTES
THIRD PUBLIC HEARING OF THE VALDOSTA CITY COUNCIL
5:00 P.M., THURSDAY, AUGUST 7, 2014
COUNCIL CHAMBERS, CITY HALL

OPENING CEREMONIES

Mayor John Gayle called the third Public Hearing for the adoption of a new millage rate to increase property taxes to order at 5:00 p.m. Council members present were: Tim Carroll, Ben Norton, and Sandra Tooley. Councilman Robert Yost arrived late at 5:06 p.m. and Councilman Joseph "Sonny" Vickers arrived at 5:12 p.m. Councilman Alvin Payton, Jr. and Councilman James Wright were absent. The invocation was given by Mayor John Gayle, followed by the Pledge of Allegiance to the American Flag.

PUBLIC HEARING

Consideration of an Ordinance to adopt a new millage rate to increase property taxes for the City of Valdosta. (Third Hearing)

Mark Barber, Deputy City Manager of Administration, stated that this is the third and final Public Hearing that has been required because we are requesting a millage rate increase from 4.102 mills to 6.102 mills. This year the tax digest was down \$5.8 million and the biggest reasons were the decline in vehicle values and an increase in the number of exemptions. The millage rates in Lowndes County are as follows with some of these already being adopted: City of Valdosta School System – 16.980, Lowndes County School System – 16.848, Lowndes County – 8.310, City of Valdosta – 6.102, City of Lake Park – 6.552, City of Remerton – 6.354, City of Hahira – 4.750, Parks and Recreation Authority – 1.250, and Industrial Authority – 1.000. The entities asking for a millage increase are: (1) the Lowndes County Board of Education – 14.725 to 16.848, (2) the Lowndes County Board of Commissioners – 7.303 to 8.310, (3) the City of Lake Park – 5.052 to 6.552, and (4) the City of Valdosta – 4.102 to 6.102. We have also compared our millage rate to those cities similar in size and even though we are raising our millage rate 2 mills, we are still at the bottom of the list. Tifton's millage rate is 9.759 this year.

Councilman Carroll inquired as to what a mill is worth in Tifton. Mark Barber stated that he did not have that information available because he would need to know their tax digest. Larry Hanson, City Manager, stated that it would be approximately \$350,000. They were also surprised at some of the cities that had mills that were worth a substantial amount. Larry Hanson stated that he would send a list to the Council Members.

Mark Barber, Deputy City Manager of Administration, stated that the millage rates that affect a City of Valdosta resident are as: (1) City of Valdosta Schools – 16.980, (2) Lowndes County – 8.310, (3) City of Valdosta – 6.102, (4) Parks and Recreation Authority – 1.250, and (5) Industrial Authority – 1.00. Some residents wonder why they pay Lowndes County a tax even though they live in the City. The reason for that is that we all reside in Lowndes County so we owe Lowndes County a tax. The total tax that a resident would pay is 33.642 mills. If a resident owns a piece of property valued at \$100,000, then they would pay the Valdosta City School System \$577 (50.47%), Lowndes County \$284 (24.70%), the City of Valdosta \$207 (18.14%), the Parks and Recreation Authority \$43 (3.72%), and the Industrial Authority \$34 (2.97%). The total amount a resident would pay is \$1,144. This would be a \$68 annual increase in the tax bill or if you put it into an escrow account it would be \$5.66 month on \$100,000 piece of property. If you look at every \$1.00 that a citizen of Valdosta pays in taxes, \$.18 goes to the City of Valdosta, \$.04 goes to Parks and Recreation, \$.50 goes to the City School System, \$.25 goes to Lowndes County, and \$.03 goes to the Industrial Authority. Again, this is the first time in 22 years that we have asked for a property tax increase; however, more importantly, during 11 of those years we have actually decreased the millage rate.

Mayor Gayle stated that at this time citizens of the City of Valdosta have an opportunity to speak in regards to the proposed millage rate increase. Mayor Gayle asked if there were any citizens who would like to come forward.

Craig Cardella, 500 Shirley Place, stated that he had an interesting comment about the City's budget. Mr. Cardella stated that the City does not have a spending problem but a revenue problem. There are a lot of things that we need to do that we should do but we cannot do. He does have the solution to the revenue problem and it is very

simple. Mr. Cardella stated that he works as a property tax expert in 140 of Georgia's counties and in 5 adjacent states. They handle over 1,000 parcels of commercial and industrial property every year as Tax Consultants for their clients. He knows why the City of Valdosta is being forced to raise taxes this year and if things were different it would be unnecessary. This is one of those things that we can blame on the County. The Lowndes County Board of Tax Assessors and its Staff has failed to do their job. They have failed to assess high value commercial property such as Wal-Mart, Best Buy, Walgreen's, Publix, and others. They do not do it accurately or follow the State's statute. They do not derive the revenue that those people expect to pay. Mr. Cardella stated that he knows this because he has talked to their Tax Consultants. They expect to pay more but they do not in the City of Valdosta and he can explain why. The commercial digest that we have is at least 20% short of what could lawfully be levied using accurate tax assessment processes. That equates to \$154 million of assessed value and not market value which makes up our shortfall this year with a little left over. The City of Valdosta would be even if the Lowndes County Board of Assessors did their job. Inaccurate tax assessment also has a dark side. Many homes in Valdosta, particularly those owned by low income minority families, are grossly over assessed and over taxed. Some of these people have lost their homes. Apartments built for low income elderly and handicapped persons are grossly over taxed, and locally owned businesses that create jobs are taxed at a higher rate than out of town large property owners. A luxury apartment at Five Points sold for \$24 million a year and a half ago. It was assessed at \$14 million. Ashton Meadows, a senior low income residential project on Bemiss Road, is assessed three times more than what its value is. Miller Hardware on North Oak Street is taxed at a higher rate than Wal-Mart located near it. Mr. Singletary's Zacadoo's business on Baytree is taxed significantly higher than any McDonald's in town. Equipment at South Georgia Pecan is taxed between two and three times its value. Homes that flooded off of Gornto Road are assessed as if they are high and dry and never flood and are not at risk. In fact, it is common knowledge State-wide among Property Tax Consultants that property tax assessments in Lowndes County are a mess. This costs opportunities for new businesses and jobs and costs our schools millions of dollars in tax money that they should be getting. It hurts the Sheriff, it hurts parks, and it hurts all local government entities. This Council is being forced to raise the millage rate on all City taxpayers because the Lowndes County Board of Assessors cannot or will not do its job. This is a very solvable problem. Of 159 counties in Georgia, there is one with an elected Board of Assessors and that is Lowndes County. Every other county has an appointed a Board of citizens with skills required to oversee tax assessment. Our Board must be replaced by an appointed citizen Board of people who are qualified to oversee the fair and equitable taxation of property in Lowndes County. The Staff must be replaced by qualified, professional, licensed appraisers just as is done in most of the other metro areas that we use as comps to compare our taxes with. Valdosta should not have anyone avoiding taxes because the Tax Assessor is either unskilled or unwilling to tax them at their fair market value. Likewise, no taxpayer of any color in any neighborhood of any income should be forced to pay taxes that are unfair or unreasonable. Valdosta has a revenue problem. We can solve it by changing the Board of Assessors and Staff. We need to restore accuracy and fairness to the property tax system of our community. Mr. Cardella stated that he knew the Mayor and Council would have to raise taxes this year. The City Manager and his Staff have done a great job in trying to keep costs down but if we had accurate tax assessment we would not be in this situation.

Mayor Gayle stated that several years ago there was a ballot question about the way that our Tax Assessors are elected as opposed to appointed which was defeated by a large majority. Mayor Gayle inquired as to why it was defeated. Craig Cardella stated that people were not aware of what was going on. In a lot of other communities it has passed very easily. In a related issue that will be coming our way in the future, there is a big move nationwide to eliminate personal property tax. That would crush Valdosta right now with the way our assessment is done. It is a moving target. George Talley, City Attorney, inquired as to why the Assessors would favor the out-of-town merchants over the local merchants. Craig Cardella stated that the out-of-town properties are relatively complex and hard to value. The Lowndes County Tax Assessor's Office tries to do everything on the cost approach. Most counties use the income approach. The cost approach favors small, easy to measure properties and it makes it hard to value something complex like a Wal-Mart, a Publix, or a Walgreen's. Mr. Cardella stated that the City Attorney's firm is actually helping fight many of these battles around the State and they are very good at it. It is an issue of skill and motivation. We need people who have the skills to do the work and they have to be motivated by whoever is directing them.

CITY MANAGER'S REPORT

There were no City Manager comments.

COUNCIL COMMENTS

08/07/14 CONTINUED

There were no Council comments.

CITIZENS TO BE HEARD

There were no citizens to be heard.

ADJOURNMENT

Mayor Gayle adjourned the August 7, 2014 third Public Hearing of the Valdosta City Council at 5:19 p.m. to meet again in Regular Session on Thursday, August 7, 2014.

City Clerk, City of Valdosta

Mayor, City of Valdosta