



Minutes - Final

Budget and Finance Committee

Wednesday, June 14, 2017

5:30 PM

Council Chambers

Call to Order: Councilperson Guridy, Hendricks, Mota

[15-1650](#)

Bill 37 Budget and Finance, Forwarded Favorably
Amending the 2017 General Fund Budget by appropriating funds from the unappropriated balance of the General Fund in the amount of Two Hundred Twenty-Five Thousand (\$225,000) Dollars for property tax refunds.

Attachments: [Bill 37 Property Tax Refunds](#)
[Ordinance #15380](#)

Mr. Brent Hartzell gave a background on Bill 37 being brought before you. You may recall, we spend a significant amount of money each year with refunding real estate tax or business privilege tax, or solid waste fees that were found have to been collected in error. We normally expect an amount from year to year they we are going to be refunding for that purpose. That was part of the legislation that de-coupled the city from ANIZDA. There was a provision that required all property within the NIZ to be calculated on a revenue basis. Whether Lehigh County has been doing it on one basis or another there was a specific direction given to the properties within the NIZ calculated on a revenue generated basis. The likelihood that was a few properties that were going to be asking for tax reduction as a result of it. After those particular re-appraisals were done and the county signed off on it, the annual hit to the city as a result of that adjustment will be a little more \$100,000 annually. The evaluations that were coming under question had been for buildings that were in the midst of their development stages in the previous three years. When that happens, it is called an interim assessment. At this point of the year, a year where we would normally be expecting somewhere in the \$100,000 - \$150,000 to go out in refunds. We are at a point now in terms of those that already went out the door and those that we are having to refund on the latest change list for the county for real estate values. It is \$402,000 so far this year. Of which, \$322,000 just happens to be connected to the re-assessed value within the NIZ. A lot of that is a one-time hit. Bill 37 is to deal with this anomaly. Our request is to draw on the unappropriated cash balance of the General Fund to the tune of \$225,000 to accomplish this purpose. Once the CAFR is completed in June and we have a reserve for the General Fund that is determined on the accrual method after that we will begin starting in July put those balances within the Ordinances that refer to these drawdowns that you will be able to

compare apples to apples.

Mr. Julio Guridy stated that essentially this Bill is solely have to do with the NIZ properties. No one in the city has any reassessment issue with this Bill and may have been taxed wrongly and may need some refunds or is it solely properties within the NIZ.

Mr. Brent Hartzell stated to be clear Mr. Guridy this is what we normally expect during the course of the year. This effects everybody in the entire city. We send refunds out that the Revenue and Audit staff approves regularly and I sign off so that we can cut the checks.

Mr. Julio Guridy asked if the NIZ property has been \$72,000 or \$102,000.

Mr. Brent Hartzell stated that all the NIZ properties that have gone into these evaluations have had their assessment values reduced. The overall impact is that we are looking at an annualized impact to the real estate taxes and it will be over \$100,000 annually. the refund that we have to come up with has to be much greater than that for the reasons that interim evaluations on those properties are shifted downward. It is \$322,000 that is already paid out or we are writing checks right now to get it paid out. That covers four years of tax assessments.

Mr. Julio Guridy stated outside of the NIZ properties, how do people know that they were reassessed the wrong way.

Ms. Tricia Dickert stated that every month that county is the keeper of deeded information. Whenever a change to assessment takes place once a month, the county sends a report specifically to the city, our office and that report will capture both sides of the spectrum. It will capture any properties where an increase in the assessment has happened by which our office will wither send a corrected Bill or in some cases if their real estate taxes already been paid we will issue an interim Bill. But, the flip side of that any assessment that have gone down. We can get into the refunds that happen at the end of the year. It is different, we are actually sending letters to taxpayers to have an overpayment on their account.

Mr. Seth O'Neil stated that is 100 percent accurate to the best of my knowledge.

Mr. Julio Guridy asked if his colleagues had any comments.

Mr. Daryl Hendricks thanked Mr. Guridy and stated that he assumes the county and the school district is held to this reassessment and they will likewise have to make refunds.

Mr. Brent Hartzell stated to Mr. Hendricks yes and in the case of the school district which has a much higher mileage rate then the city does. It will be that much more painful.

Mr. Daryl Hendricks asked do we anticipate any other structures, or land or anything that have significant value that will also perhaps be reassessed.

Mr. Brent Hartzell stated that it is always the risk for that. The ones that I have seen so far covers the ones we were expecting to see. We just got the last shifts in those in the last month.

Mr. Julio Guridy asked if there were any comments from anyone else.

Mr. Ray O'Connell asked if the city, county or school district think of appealing this. The school district appealed this.

Mr. Brent Hartzell stated that he doesn't know, but would defer to the Solicitor, Ms. Susan Wild to see if that would be done. I don't think that the city had engaged in that at all.

Mr. Ray O'Connell stated that he thinks that school district did fight it.

Mr. Julio Guridy stated that they fought it when it was part of the developers appeal.

Mr. Brent Hartzell stated that the city also factored in coming up with our estimates of real estate taxes coming in 2017 and the risk that we were going to lose and the current amount, a little over \$100,000 as part of our estimates. The total refund ended up being a little bit higher than we anticipated.

Mr. Ray O'Connell talked about the NIZ properties \$220,000 back. Didn't we have an agreement that they would beautify the area a little bit with benches and nice landscapes?

Mr. Julio Guridy stated that he thinks that the developers are in question has been doing some beautification, especially the Arts District and it is more coming.

Mr. Ray O'Connell stated that he has been generous. Mr. Hendricks is working on something on the side and hopefully we can announce that soon. He stated that anybody can appeal their assessment and if the Board of Assessment agrees, it is what it is.

Mr. Julio Guridy asked if there were any comments from the public.

A motion was made by Daryl Hendricks, seconded by Cynthia Mota, that this Ordinance be recommended for approval. The motion carried by the following vote:

Yes: 3 - Julio Guridy, Daryl Hendricks and Cynthia Mota

Enactment No: 15380

[15-1684](#) May 31, 2017 Budget and Finance Committee Meeting Minutes

Attachments: [May 31, 2017 Budget and Finance Committee Meeting Minutes](#)

Adjourned: 5:46 PM