



DeKalb County Government

Manuel J. Maloof Center
1300 Commerce Drive
Decatur, Georgia 30030

Minutes - Draft

FAB-Finance, Audit & Budget Committee

Thursday, July 7, 2022

12:00 PM

Special Called Meeting

This meeting will be conducted via teleconference (Zoom). Simultaneous public access to the meeting will be available

(1) via live stream on DCTV's webpage,

(2) on DCTVChannel23.TV

Meeting Started At: 12:03PM

Attendees: Commissioners Rader, Johnson, Cochran-Johnson, Davis Johnson, Terry

Present 3 - Commissioner Jeff Rader, Commissioner Lorraine Cochran-Johnson, and Commissioner Larry Johnson

I. AGENDA ITEM

[2022-1886](#) Commission District(s): All Districts
Accept the FY23 Grant Award from the Criminal Justice Coordinating Council, Juvenile Incentive Grant for Juvenile Court's Commitment Alternative Program (CAP) in the amount of \$478,782

MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be recommended for approval to the Board of Commissioners, due back on 7/12/2022. The motion carried by the following vote:

Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson

Not Present: 1 - Commissioner Johnson

II. DISCUSSION

Millage Rate Resolution

-information provided by COO Williams

-presentation provided by Director Sigler - OMB

-Question JR: how much have we collected from EHOST since 2018?

TJ Sigler: it's roughly close to \$500M at this point, and that's where the EHOST reserve comes in. what has been credited toward property tax relief thus far is the \$464M

-Question LCJ: the \$591 mentioned is the total amount collected?

TJ Sigler: that would be the total amount provided in tax relief through 2021 and a projection for the current year

-Question JR: are we required to rebate an amount equal to the prior year's collections?

TJ Sigler: I would defer to the County Attorney on that specifically

-JR: Mr. Phillips if you could find out what EHOST requires us to rebate to the taxpayers

-Question TT: regarding 'provide an additional' it's \$137M projected for 2022?

TJ Sigler: correct

-Question JR: what is the year to date collections experienced?

TJ Sigler: Through May, it was \$65M. That would be on track with 2021, but we are anticipating that there could be a slow-down

-Question TT: last December there was a bump, is that basically what we're expecting this year?

TJ Sigler: there typically is a bump in December; this here is looking at a regression to the mean of what's been experienced in the past regarding EHOST collections. The thinking there was that 2021 was an outlier and factors causing that may not continue in the future

-Question LCJ: we usually see that bump at the end of the year, would it also play a factor that people don't wish to have those taxes rollover, so that at the end of the year you're seeing that rise in collections?

LCJ: you're spot on regarding property tax revenues, but this is specifically sales tax revenues

-Question JR :what sort of erosion in sales tax revenues did we have in the 2008 recession?

TJ Sigler: from 2008-2010, the decline was around 5%, and over those years about 10%

-Question JR: it would seem that we would take 2021 actuals and reduce those by 6%?

TJ Sigler: I looked at what we projected previously for 2022, and reduced that number by 6% for those 7 months that remain

-Question JR: what was the original projection for 2022?

TJ Sigler: the original projection, which is being revised now, off the top of my head it was in line with last year. Around \$150M

-Question JR: is this projection what EHOST depends on for 2022?

TJ Sigler: it would affect projections for 2022; EHOST reserves would be diminished from what was originally proposed

-Question JR: do you know now what the projection of EHOST reserve would be?

TJ Sigler: in the original schedule A for midyear, that projection was based on months prior for 2022. That was \$158M for EHOST; that would increase the EHOST reserve by \$20M in 2022. assuming this projection is the actual projection, the EHOST reserve would remain relatively flat around \$44M. The final actuals will determine what the EHOST reserve is for next year

-additional information provided by Director Sigler

-Question JR: in 2020 what was our EHOST reserve at the end of the year?

TJ Sigler: at the end of 2020 it was almost \$24M

-information provided by COO Williams

-Question LCJ: our EHOST runs concurrent with our SPLOST. Both of these we are approaching the end, and they will both be going back to the ballot. It seems hard to determine where the numbers will end, but it's safe to say we have now about \$65M that could be utilized?

TJ Sigler: that would be a projection, it would be better to state what we had at the beginning of the year which was around \$46M in EHOST reserves

-Question TT: when people refer to our fund balance in general, are EHOST reserves part of that?

TJ Sigler: they are included as part of that; we list it out separately in the document

-Question JR: should we fail to renew the SPLOST, the sales tax wouldn't go away but it would have a different structure?

TJ Sigler: potentially. If it's not renewed, then HOST would go back into effect. But we don't know if that would be the case when it is time to renew the EHOST

-Question JR: as the law is currently constructed, a failure to renew SPLOST would 1) cause reversion of EHOST to HOST structure, and 2) expiration of the homesteaded exemption freeze. If we don't put it on the ballot or it fails on the ballot, HOST framework and HOST tax would be collected.

TJ Sigler: my understanding of what would happen if EHOST and SPLOST are not renewed, is it would put us in a situation of

where we were in 2018. 3 months of EHOST and 9 months of HOST in that year. There would be a credit based on EHOST, and an additional credit based on HOST, and those 2 combined would provide relief for 2024.

-Question TT: there's no cap on home value regarding EHOST. There's no stop on no matter the value of the home

-CEO Thurmond: I would like to remind our citizens, the taxpayers, of the historic amount of tax relief being generated by the County. No other County has the EHOST. When we made the promise in 2017 that we would provide tax relief to homeowners, many believed it wouldn't be true. We are fulfilling that promise and reaching that goal in year 5, with additional tax relief coming. That was a promise made and a promise kept. As we come to a close of EHOST in this 6 year period, we don't want to put ourselves at risk of a significant tax increase in 2024. The strategy was that because there would be a back end, if a reserve existed, we could use that reserve in case of a major tax increase in 2024. When we look to the future, I don't call it conservative, I call it responsible when you are treading unknown waters.

-Question MDJ: if the CEO could repeat about 2 minutes of what he was speaking about regarding EHOST tax in DeKalb compared to other jurisdictions. I think it's important to hear exactly what was being stated.

-additional information provided by CEO Thurmond

-CEO Thurmond: I don't believe that we have received appropriate credit for the fact that we have delivered on that promise, and when it's said and done would have provided over \$700M in property tax relief for the citizens of DeKalb County. We promised \$660M and we are going to exceed that. There should be some recognition and acknowledgement of that. Please take this story forward in terms of the work being done for the people of DeKalb County.

-JR: I want to amplify what you said about the EHOST being great for homesteaded property owners. With the twin EHOST and SPLOST we are able to make progress on our capital projects while providing significant tax relief. I hope that subsequent versions of the SPLOST are approved so that we can keep on with this

-LCJ: often in DeKalb you don't hear about the great things; we don't tout our wins, and if we don't create our own narrative someone else will. I challenge our communications department to help people know what we do. Most people don't really understand what we do. We have to educate them, and through the current EHOST it gives us the ability to do even more, because it gives us that ability to offset of rises in the tax digest. It is predicted that we will go into a recession, and how will that go into effect. I'm very proud to say I benefit as a County resident from our EHOST program. But CEO Thurmond I agree that we need to do a far better job of telling our own narrative.

-Question LJ: on the communication piece, we need to focus on what we have. The last couple of years the Board and CEO have been acting fiscally responsible and great projects have come as a result. We have a good reputation and we have to keep building on that. For EHOST, I was here when we had no money in the bank. We need to be moving forward on projects, like road repaving and sidewalks; we have to think of those things going forward. I would not wait for a recession to use the money, because our residents need to see us do things now. We will have surpluses at least through the end of next year. Put the money in investments that people can see for the future

-Question TT: the CEO priority is to have the best trained public safety in the state. When we lower the Police Fund, is that intentional because we have a large reserve? Will the reserves pay for the investment in training and salaries?

TJ Sigler: what you're seeing there, you are correct in that the Police Fund balance is going down somewhat because the millage rate is lower. The thinking is to get the Designated Services Fund up to levels that were not there in previous years. The goal was to get fund balance stabilized across all funds. I predict that next year the fund balance will be much more stable across all funds, with maybe exceptions in Hospital and Bond funds. That was some of the thinking behind this

-Z Williams: there is adequate funding to accomplish those goals Commissioner Terry

-JR: motion to recommend to the Board of Commissioners that this millage rate schedule be amended to devote some portion of the EHOST reserve to additional tax relief against the fire fund millage rate, and then for the jurisdiction that does not pay into the fire fund - that rebate would be against the municipal tax

-LCJ: second for the purposes of discussion

-information provided by Commissioner Rader

-JR: I wonder what expending \$20M in EHOST reserve would give us in terms of impact on property taxpayers

-TJ Sigler: I don't think I can comment on the legality of using the EHOST for the Fire Fund for that purpose.

-JR: it would be per million dollars of EHOST reserve, how much could we lower the tax bill?

TJ Sigler: for each \$1M of EHOST levy applied, the credit would work a little differently on these taxes due to the differences in the cities. It is applied as a credit on their 40% gross percentage. What that would be - a very small number - a fraction that's provided per dollar of a 40% assessment. For a \$325,000 home, every \$1M added would provide additional \$6.

-Question JR: if we used \$20M, that would be \$120?

TJ Sigler: it would be \$117

-Question JR: can you work it out to how we could provide an extra \$100 in credit? What would that cost us?

TJ Sigler: it would be \$17M

JR: motion to use \$17M in EHOST reserves to increase HOST credits by \$100 for the average home in DeKalb County

-Z Williams: this is not something that the CEO and Administration is in support of.

LCJ: at what time would the Administration suggest that we take action?

Z Williams: the position would be at the conclusion of the EHOST program, which is in about 15 months from now. The thinking is let's stay the course and provide relief at the end. Currently we are tracking to provide more relief than what's anticipated

-Question LCJ: would that be at the end of 2023?

Z Williams: it would be for tax year 2024

-Question MDJ: that \$100 credit would be for a home valued at \$325,000 correct?

TJ Sigler: that's correct

-Question MDJ: it would be even less for homes less than that. I'd rather be safe than sorry; I know that if people have a significant property tax increase because of this we will hear from that - in 2018 I saw where we were. I'm sure that taxpayers appreciate the tax relief that we have now. Without EHOST I don't know where I would be in terms of property taxes. Would we want to jeopardize or not wait until the end of this 6 year period? It's better to be safe than sorry; that's where this Administration has been since day 1. We've been on a course that is stable and responsible; to give an additional \$100 in tax relief to maybe give up services or maybe have a tax increase, I don't think would be worth it. Many people have seen how responsible the CEO is and how we've turned it around. I'm with the Administration, I'd say better safe than sorry. Let's stay on the path of stability and responsibility and continue to move forward. Based on where we've been in the past, let's hope the people will be supportive of another SPLOST and EHOST

-TT: the practicality of \$100 in additional tax relief may seem nominal, but it may be a show of solidarity of people that are hurting and we are with them. However, renters don't receive the homestead credit but do pay the sales tax. We should acknowledge that the EHOST tax is a regressive tax based on the formula. I wish there was a way to do this more equitably. I fall on the side of let's try to do what we can even if it is a small amount in such a time of uncertainty. We have these reserves and they are designed for tax relief. There is the what if we need it in 2024 or 2025? I'm erring on the side of the rainy day is now for some people and we should give them what we can, because it's something

-CEO Thurmond: the first thing we should be mindful of regarding rollback rates, we are giving more tax relief without rolling back the millage rates. We don't want to diminish the fact that we have given more tax relief than any other County in the state over the last 5 years. This is not a discussion of whether we would give historically high levels of tax relief, because that is already true. I agree with Commissioner Terry that it is regressive, but we put into the bill that we exempt food and medicine into the sales tax which addresses the regressivity. We've come this far, provided historic levels of tax relief. The discussion is whether the tax relief will show up in 2023 or 2024. today the Atlanta Federal Reserve announced that we are already in a recession. It's not an 'if', it's a now. We have to know which way the frog will jump. What we need to do - if we would stay on the path we're on - every dime has to go for property tax relief. We know that we will have 3 months of revenue in 2024; if we don't have additional revenue there would be a sharp tax increase. From the practical thought process, why would you take the risk when you don't have to? I respect Commissioner Rader, but I have to disagree on that point; we have to finish this deal. We don't get a pass in DeKalb County - even the slightest misstep ends up on the front page of the AJC. Why would we risk one of the biggest victories we've ever claimed?

-LCJ: I don't care how much the value of your home is, you are feeling the impact of this economy. Everyone is affected and every dollar matters. I want us to be mindful of a conversation we haven't yet had. I've had many people reach out with concern - it's not result of the millage rate, it's the result of your property value that has increased. Many homes in the south of the County have been bought by investors. I want to see if Mr. Hicks has a way of controlling the inflated prices of these homes, and bring this back into reality. COO Williams we need to have that conversation. In 2024 will we have 3 or 4 months in EHOST funds that we will collect?

TJ Sigler: 3 months

-LCJ: Commissioner Rader I appreciate you and your diligence; I understand where you're coming from. My concern is down the road in 2024, the money would better be served at the end

-additional information provided by Director Sigler

-CEO Thurmond: you don't know what might happen

-LCJ: our first responsibility is to the people

-LJ: the reality is that the SPLOST has been very successful; I've seen it and been a part of it.

-Question LJ: why would we wait until 2024 to have a bond referendum on SPLOST, instead of 2023?

-CEO Thurmond: you're correct my understanding is it would be in 2023

-LJ: the last year is an optional year where you can do more infrastructure projects. The maintenance needs of the County have not been conquered with the first SPLOST. We need to see where we're going until the end, and then we can make decisions on 2023 or 2024

-Question TT: when we get to the end of this EHOST period, will we try to clear that out in the final year, and start that EHOST over with a new legislation?

TJ Sigler: that is exactly what we're saying. I would add that we don't have to wait until the last year to use the EHOST reserve. If next year sales tax collections decline, it could be utilized at the end of next year. Whatever the reserve would be used for EHOST tax credits

-Second LCJ

Vote: yes 1-2 (JR yes, LJ no, LCJ no)

-This motion failed for lack of votes

-LCJ: motion to approve Administration's proposal for millage rate and HOST credit as proposed by the Administration as a substitute, and to return for Schedule A which is the budget amendment

-Second LJ

-Question LJ: when will Schedule A be reviewed?

JR: as quickly as it can be reviewed; it will go through committee review and we will go from there

Vote: yes 2-1 (JR no)

Meeting Ended At: 2:20PM

MOTION was made by Lorraine Cochran-Johnson, seconded by Larry Johnson, that this agenda item be adjourned meeting. The motion carried by the following vote:

Yes: 3 - Commissioner Rader, Commissioner Cochran-Johnson, and Commissioner Johnson

Barbara H. Sanders-Norwood CCC, CMC