

**CHRISTIANSBURG TOWN COUNCIL
CHRISTIANSBURG, MONTGOMERY CO., VA.
SPECIAL MEETING MINUTES
MARCH 2, 2021 – 6:00 P.M.**

A SPECIAL MEETING OF THE CHRISTIANSBURG TOWN COUNCIL, MONTGOMERY COUNTY, CHRISTIANSBURG, VA. WAS HELD AT CHRISTIANSBURG TOWN HALL, 100 EAST MAIN STREET, CHRISTIANSBURG, VIRGINIA, ON MARCH 2, 2021 AT 6:00 P.M.

COUNCIL MEMBERS PRESENT: Mayor D. Michael Barber; Vice-Mayor Samuel M. Bishop; Johana Hicks; Steve Huppert; Merissa Sachs; Bradford J. Stipes. ABSENT: Henry Showalter.

ADMINISTRATION PRESENT: Town Manager Randy Wingfield; Assistant Town Manager Andrew Warren; Executive Assistant/Clerk of Council Tracy Heinline; Finance Director Valerie Tweedie.

WORK SESSION

- I. Call to Order
- II. Discussion by Mayor and Council
 - A. Fiscal Year 2021-2022 budget:

- 1. Business License structure.

Finance Director Valerie Tweedie provided Council with a list of the ranges of business sales and their average business license fees from 2019. She explained this list would show where the Town was collecting the most revenue from business license fees and noted that roughly 230 businesses made up much of the Town's revenue.

Councilwoman Sachs expressed ongoing concern for the struggles of businesses during the pandemic and proposed a reduction or modification to how business license fees were currently collected. Mrs. Sachs explained she did not necessarily agree with the fees being added on to the total of sales and expressed to Council the need for a flat rate or a discount for 2021 businesses. She referenced the smaller businesses that were based out of their homes and suggested either a one-year grace of no fees or a 50% discount. Mrs. Tweedie informed Council that any change they proposed would need to reflect the 2021-2022 budget since fees are currently being collected for 2020.

Councilwoman Hicks expressed concern with how the Town would fill the gap from the loss of business license revenue if Council were to approve this proposal. Councilwoman Sachs suggested a one-time provision for non-taxed sales up to \$100,000 for all businesses this year and if the economy improved next year the tax could be added back.

Councilman Stipes expressed he felt this was a great proposal but noted he had not received any emails or complaints concerning the BPOL tax in the past year. Mr. Stipes also stated that he felt Covid had slowed down at this point and if the Town sought to help the smaller businesses this proposal should have been presented sooner. Councilwoman Hicks expressed that even though

Covid numbers were decreasing, businesses were still struggling. Councilwoman Sachs spoke about business owners paying taxes for both the Town and County as well as for purchasing equipment and felt if the Town could regulate business license fees, along with the CARES Act money, it could aid those business owners considerably.

Mayor Barber noted that every business in the town was required to have a valid business license and if the Town dropped the business license fee then any business could come in and do business without a license. Mrs. Sachs expressed that a business would still go through the paperwork of a business license, but she was proposing they would not have to pay a fee.

Councilman Stipes expressed concern that the non-chain businesses were trying to keep their heads above water and felt it unfair if the smaller businesses received a break from taxes. Mr. Stipes explained the Town was helping already with the Cares Act money. Councilman Huppert expressed the hopes of a boost to the economy this year from the proposed stimulus bill and mentioned that vaccinations were also being administered. He felt by July of this year things could look different for the economy and would prefer to keep the business license structure the way it was. Councilwoman Hicks proposed a business license fee of \$50 a year for all business owners. Mrs. Tweedie noted to Council that the average business license fees numbers were based on the gross sales from 2019 through March 2020 which was pre-Covid and the numbers could look different next year. Councilwoman Sachs mentioned this conversation could be more productive for the next budget cycle starting in the fall of this year. Mrs. Tweedie felt it a good plan for Council to revisit this in June and then make amendments if needed for the 2021-2022 budget. Town Manager Wingfield pointed out that with the federal stimulus there should be a portion coming to local government and that money potentially could be applied to grants for businesses.

2. Potential elimination of personal property tax and the motor vehicle license fee.

Councilwoman Sachs referenced information on the Freedom of Movement under United States law. Mrs. Sachs explained that Freedom of Movement is a fundamental right and therefore a state cannot inhibit people from traveling by taxing them. Mrs. Sachs proposed that the Town not tax for personal property and explained that if a citizen does not pay their personal property tax then the vehicle could possibly be levied or even taken away which would inhibit a person's right to travel. Referencing the information Mrs. Sachs provided, Councilman Stipes questioned if the Town was currently operating outside of federal law. Mrs. Sachs explained that states were allowed to have their own policies.

Councilman Huppert expressed concern for eliminating the personal property tax and increasing the real estate for citizens. Mr. Huppert explained that in the past, citizens have complained to Council about rising real estate taxes and expressed that 39% of citizens do not own their own real estate and would essentially get a "free ride" not having to pay. Councilwoman Sachs replied that she did not see this as a "free ride" since landlords would factor in taxes owed with the rent. Councilwoman Hicks felt that increasing the real estate tax would place a burden on landlords because renters are having difficulty already paying rent at this point, due to the pandemic. She expressed concern for the local businesses having to pay a higher real estate tax at this time.

Mayor Barber was opposed to burdening the landowners by increasing real estate taxes and eliminating personal property tax. He explained the Town uses the personal property tax and motor vehicle tax revenue for the general fund which in turn helps maintain the Town's roads, facilities, etc. Mrs. Tweedie explained that general funds pay for many of the programs in the

Town, and if Council were to eliminate the personal property tax that money would have to be replaced or programs and services would need to be cut.

Councilman Stipes explained the personal property tax was part of owning a vehicle and real estate tax is a compulsory tax. He explained a real estate tax increase would negatively affect a great number of citizens and especially citizens on fixed incomes. Mr. Stipes expressed he would not support an increase in real estate tax if it was proposed to address the tax revenue shortfall due to the elimination of the personal property tax.

Councilwoman Sachs suggested to Council they educate themselves on the issue and come back for further discussion. Town Manager Wingfield noted that in Virginia there were specific code sections that related to the authority to be able to tax but it's a Council decision on whether you choose to have it.

Councilman Bishop expressed that he opposed an increase in real estate tax and agreed that when a person purchases a vehicle, they usually consider the amount of taxes owed on that vehicle before they purchase. Mr. Bishop felt the real estate tax increase should be taken off the table for discussion and possibly look at other options.

Councilwoman Hicks expressed this had been a difficult year for everyone due to the pandemic and mentioned that increases in taxes effect families and their own personal budgets. Mrs. Hicks also mentioned that eliminating the personal property tax could upset the Town's general fund which in turn could make it difficult to pay for projects like the new park. Mayor Barber concluded that Council did not intend on raising the real estate tax.

Before Council continued to the next item, Mrs. Tweedie referenced a handout that was given to Council concerning meals and lodging tax penalties. Mrs. Tweedie explained the information given was the penalty interest provisions in the current Ordinances. She expressed the need for Council to consider changing to the same methodology for the meals and lodging tax. Mrs. Tweedie explained the meals tax penalty increases up to 25% of the taxes collected and the lodging tax has a penalty in the amount of 10%. She informed Council that businesses are required to pay meals or lodging each month and were considered late after 20 days from the due date.

Mayor Barber expressed that business owners were essentially acting as tax collectors for the town and when owners collect that meals or lodging tax, they should have a system that sets that money aside for payment to the Town. Mrs. Tweedie also mentioned there was a 3% discount if those meals and lodging taxes were paid early or on time. Councilwoman Hicks suggested cutting the penalty in half for both meals and lodging tax penalties. Mrs. Tweedie expressed that most businesses pay their taxes on time, but due to the pandemic this past year some businesses struggled. She referenced the provision that was passed by Council to waive the penalty on a late payment once during a 12-month period and explained there are payment plans available for businesses as well if needed. Councilwoman Hicks expressed it was very difficult to have a business during Covid, but also felt the 10% penalty was very high and questioned if Council could lower to 6% instead. Mrs. Tweedie expressed that 10% was the penalty for all late taxes in the Town.

Councilman Bishop expressed concern that businesses were delinquent in paying meals or lodging taxes. Mayor Barber agreed that it is money those owners have collected from their customers and should be paid on time. He also agreed the lodging and meals tax penalty provisions should

be similar in the Ordinances. Council decided that both meals and lodging should be consistent, and the Town would lean towards the meals tax penalty provision. Mrs. Tweedie would draft an ordinance and bring it back to Council.

3. Community support applications.

Mrs. Tweedie referenced a list of the non-profits that had requested support from the Town and explained she had proposed these amounts into the list for the budget. She also explained the applications had been reviewed and the organizations had met the criteria for submission although two were submitted late. She also included a list of community development organizations that the Town funds such as the NRV Regional Commission and Onward NRV. Mrs. Tweedie informed Council she had provided a packet that showed a narrative summary of the organizations requesting support in the community for 2021. The summary included a description of the organization, their request, and their use of funds requested.

Councilwoman Hicks referenced a list of non-profits that received CARES Act money from the Town in the fall of last year. Assistant Town Manager Andrew Warren noted that five grant programs were supported by the Cares Act money, which included the non-profit recovery grant program.

Mayor Barber expressed his disappointment that several applicants had been late submitting their applications and felt those businesses should be penalized at 1% for every day they were late. Councilman Stipes expressed that Council had not considered businesses in the past due to submitting their application late.

Councilwoman Hicks expressed her concern that Council needed to be cautious and provide limits for what is donated to organizations. Mrs. Hicks requested that Council be provided with a better description for what the organizations do for the community in the budget. Councilwoman Sachs explained that Council has had discussions in the past concerning limits of donations to organizations and expressed it would be a good idea to further those discussions.

Mr. Wingfield presented Council with a list of items for the upcoming budget work sessions and Council agreed to March 16th and March 18th work sessions.

III. Adjournment

There being no further business to bring before Council, Mayor Barber adjourned the meeting at 8:02pm.

Tracy Heinline, Clerk of Council

D. Michael Barber, Mayor