

TOWN OF HIGHGATE

Approved Minutes

SPECIAL TOWN MEETING

**Tuesday, October 9, 2012 @ 7pm
Highgate Elementary School**

The meeting was called to order by Patrick McGovern, Town Moderator, at 7:00pm. Pat asked everyone to stand and please recite the pledge of allegiance.

Article #1: Shall the voters of the Town of Highgate adopt a July through June fiscal year, effective July 1, 2013 as provided by Title 24 V.S.A. § 1683(c).

If approved, two budgets will be presented at Town Meeting. The first would be a six month municipal budget covering the period from January 1, 2013 to June 30, 2013. The second would be a full year municipal budget covering the period from July 1, 2013 to June 30, 2014.

Pat McGovern read article #1 aloud. Motion by Paulette Tatro, seconded by Jeff Towle to accept the article and open discussion. Tom Racine, Town of Highgate Treasurer, had prepared a power point presentation and passed out accompanying hand-outs to all those present. A copy of the power point presentation is attached to these minutes. Tom Racine went through the presentation, reading each slide aloud and following up with questions / comment / concerns from Highgate residents. Ernie Saunders from NEMRC (New England Municipal Resource Center) was present also. Ernie had produced a sample tax bill based on Highgate data. The sample bill is based on a property valued at \$200,000.00 with a state prebate of \$1,084.00 (see example in hand-out attached to these minutes). Paulette Tatro asked why is there a 6-month additional line item for municipal tax on the sample bill. Tom explained that we would need to get into the cycle beginning in July, and the school is already on that cycle. Clarence Miller asked how often do we borrow money? Tom responded that because we currently collect taxes in late October every year, it is necessary to borrow prior to that time of year. Paulette Tatro wanted clarification on dates and when taxpayers could expect their next billing. The answer is as follows: in July 2013 we would produce a bill which for this transitional year would cover January 1, 2013 through June 30, 2014. After that it would be July 1, 2014 through June 30, 2015 and continuing on the July – June cycle every year there-after. Clarence Miller clarified that basically the 6-month municipal tax addition we will see this one time, as we work towards getting on the July-June cycle. John Wilda was present and asked for additional clarification on the sample bill and the data shown on it. Jeff Towle asked for permission for Ernie Saunders from NEMRC to speak. Pat McGovern asked for a floor vote giving Ernie Saunders permission to address the Highgate taxpayers – **APPROVED.** Jeff Towle asked Ernie Saunders from NEMRC if other towns have made this switch and how it has worked out. Ernie stated that yes, when he started at NEMRC 25 years ago, there were 130 towns in Vermont still on a calendar year cycle (January – December). Now there are only 60-70 towns still on a calendar year out of Vermont's 251 towns. The trend is definitely towards a fiscal year of July-June. Ernie also commented that none of the towns that have switched have regretted doing so. Ernie is from the Town of Fairfax, and they are also considering this change. Tom Racine continued with the power point presentation. Cassius Maskell asked for clarification regarding the summary of three year average of cash in / out (see packet attached to these minutes). Tom explained that one advantage of this potential change is that you can change the direction of your cash flow by getting more cash flow at the beginning of the year instead of just at the end.

Ernie Saunders fielded the next question from Mr. Maskell which was with regard to the state prebate. Mr. Maskell had concerns about how the bills can be calculated in January if you don't know your tax rate or school tax rate. Ernie reiterated that the tax bill in the packet is simply a sample based on the average home value and average prebate amount and is at our current tax rate for residential. Ralph Comiskey asked if there were any labor costs associated with the change. Tom replied that no, there are not. John Wilda asked to hear the advantages again. Tom referred to the packet and noted that from an accounting and administrative standpoint, there are many advantages. Mr. Wilda felt it seemed inappropriate for the small group of people present at this meeting to be making this decision for the entire town. Jeff Towle stated that this small turnout is embarrassing, but you can not make people attend. Henry Rainville, Selectboard Chair, wanted to clarify that this change does not raise taxes and also that we held two public hearings on this subject, which were both poorly attended. Henry feels that people will be confused at town meeting in March if they did not receive the information from the public information sessions and from this meeting tonight. Ernie Saunders stated that the homestead information is downloaded and the town is notified of prebates around June 30 each year, taxpayers are not notified until some time later, around August. That cycle will not change, as the information that results in a prebate is based on your prior year financial information. Mr. Wilda asked if article #2 was contingent on article #1, yes it is. Steve Scott asked if when we are budgeting, how does that work with the schools? Do we get that information ahead of time for budgeting? No, we do not. The State of Vermont sends us the tax rate for the education side, it does not affect the municipal side. Clarence Miller asked how people who escrow their taxes would notify their lenders about due dates. A large number of escrow companies have access to the data electronically. Mr. Wilda felt that the sample bill was unrealistic – he does not know anybody that receives a state prebate of \$1084.00. Tom Racine clarified that the Town of Highgate receives over \$600,000.00 per year from the State of Vermont with regard to state prebate credits on tax bills. Jeff Towle asked for feedback from the Selectboard members on how they feel about this change. Henry Rainville is in favor of the change. It will help with budgeting cycles. As it stands now, we have a very short span to budget. Henry again reiterated that this process does not raise taxes, it just changes how you do your business. It will make lives easier, but the first year will be a little harder because of the 18-month budget. Brian Rowell is also in favor of the change and wanted to make two points: 1) this is not increasing taxes, and 2) he likes to pay his taxes once per year, but that is up for discussion in article #2. He feels the town needs to move forward with this because it will improve cash flow year-round, even though the 6-month additional municipal line item on the first billing is money we won't see again. Luke Choiniere is all for moving forward with this process and feels once we get the ball rolling it will go quite smoothly. Kelly Rainville feels that the additional money on the municipal side for the 18-month budget is not money that we "won't see". She does not like the way that Brian Rowell presented it and feels that she **will** see that money in the form of services, such as her road being plowed in the winter. Pat McGovern asked if there were any more questions, comments or concerns with regard to article #1. There were none. Pat re-read the article, and asked for a voice vote – **APPROVED**. Article #1 passes.

Article #2: Shall the voters of the Town of Highgate approve the collection of property taxes in quarterly installments. The installment dates would be August 15, November 15, February 15, and May 15.

If article #1 is approved by the voters of the Town of Highgate, both the six month budget as well as the twelve month budget will need to be financed in the same billing cycle. Because of this fact installments would be advantageous as it would spread property tax payments over a longer period of time.

Pat McGovern read article #2 aloud. Motion by Paulette Tatro, seconded by Shirley Fecteau to accept the article and open discussion. Kelly Rainville asked if we have to pay in installments. Brian Rowell has a preference to pay all at once. Installment dates could be 1, 2, 3 or 4 times. Tom Racine chose four installments for this article

because from an accounting standpoint it makes sense to do things quarterly. This would also spread out the burden over a longer period of time. Kelly Rainville also asked if the decision is to do installments, can she still pay all at once if she chooses to do so? You can pay your full bill any time, at once or in installments. The interest would be 1% per month on your principal balance that is not paid. The delinquent penalty of 8% would not occur until the final installment due date has passed. John Wilda asked for more clarification on the 1% interest. Ernie Saunders responded that the 1% is by state statute and because the Town of Highgate does not have its own charter, we follow the state charter which is where the 1% interest comes from. Ralph Comiskey also had questions with regard to the 1% and where it comes from and why. Cassius Maskell asked when he would receive his next tax bill. Tom replied that it would be in early July 2013. Steve Scott asked if there was credit for early payment of taxes. Ernie Saunders stated that there are only four towns in the State of Vermont that offer discounts for early payment of taxes. Jeff Towle asked Ernie how many towns have changed to quarterly payments. Ernie stated that more and more towns are offering installments due to tax bills getting larger. Ernie also noted that direct debit was available for those that would like to have the installments taken directly from their accounts. Henry Rainville stated that he is up for discussion to amend the article from four installments to whatever people want. For the first year, four payments would help absorb the additional 6-month municipal line item, and we can discuss at town meeting what we want to do. Paulette Tatro asked if it would be easier with bills being printed in July to go with two payments: one in the fall and one later on. She feels that a first payment due on Aug. 15 may be too soon. Henry Rainville would like to decide tonight what to do for the first cycle and bring it back to the voters for future billing cycles. Ernie Saunders commented that this article does not need to be decided today. The discussion could take place in March at town meeting. Bills won't be printed until July, so there is time. Ralph Comiskey noted that we usually vote on a tax due date at town meeting anyway, so that would make sense. This could be warned as an article for town meeting and decided then. Motion by Kelly Rainville to table article #2 until town meeting in March 2013, seconded by Paulette Tatro – **APPROVED**. Article #2 has been tabled until March 5, 2013.

Motion to adjourn the meeting @ 8:10pm by Paulette Tatro, seconded by Kelly Rainville – **APPROVED**.

Motion by Henry Rainville to enter into executive session @ 8:11pm to discuss legal matters with regard to the Highgate Arena, seconded by Brian Rowell – **APPROVED**.

Motion by Henry Rainville to exit executive session @ 8:58pm, seconded by Brian Rowell – **APPROVED**.

Motion by Luke Choiniere to lease the parcel on which the arena is located to the Tri-Town Recreation Committee for a period of 99 years @ \$1.00 per year and to relinquish sole ownership of the building to joint ownership with the towns of Swanton, Franklin & Highgate, seconded by Brian Rowell – **APPROVED**.

Motion by Henry Rainville to adjourn the meeting @ 9:00pm, seconded by Luke Choiniere – **APPROVED**.

Respectfully submitted,

Wendi Dusablon, Town Clerk

Approved by,

Henry Rainville, Selectboard Chair

Patrick McGovern, Moderator