



## County Commission Communications

*A Periodic Column Written by Ed Douglas, Presiding Commissioner*

### REVENUES STAGNANT / EXPENSES RISE

May 2016

For many months, the Livingston County Commission has been studying short term and long term county needs and have been comparing both revenue and expense with other counties (particularly surrounding counties). Some categories of the county's needs include: law enforcement, county roads, 911 emergency management, court house and facilities improvements and the county reserve fund. Livingston County's expenses are rising and needs are increasing, however, Livingston County's revenues remain stagnant. The County Commission has decided that the county revenues need to increase to keep up with the needs and expense of the county, and the best way to do that, they feel, is to increase the county sales tax rate and / or the county's property tax rate.

The county's sales tax rate and property tax rate are lower than all surrounding counties including: Chariton, Caldwell, Carroll, Grundy, Davies, and Linn counties. Here are Livingston County's as well as surrounding county property tax rates from greatest to least: Chariton County's property tax rate is .315%, Caldwell County's is .2619%, Carroll County's is .2583%, Grundy county's is .1732%, Daviess County's is .1188%, Linn County's is .0675% and Livingston County's is .0172%.

Here are Livingston County's and surrounding county sales tax rates from greatest to least: Caldwell County's sales tax rate is 2.5 percent, Linn county's is 2 percent, Daviess County's is 2 percent, Chariton County's is 1.875 percent, Grundy County's is 1.5 percent, Carroll County's is 1.25 percent, and Livingston County's is .75 percent. As you can see, we have by far both the lowest sales tax of all surrounding contiguous counties and also the lowest county real estate tax. The other six counties have sales tax rates of 1.25 percent all the way up to 2.50 percent, substantially higher than our .75 percent sales tax rate. And, our county real estate tax is also significantly lower.

Our tax of .0172 percent amounts to only \$50,000 per year of county revenue. A half-cent sales tax increase would put us equal to the lowest rate of all the surrounding six counties but would be estimated to increase our revenue by \$1,063,000 per year based on last year's sales tax revenues in our County. This amount is slightly greater than the current and long term needs of our county. With revenues stagnant, our costs of operation increasing, along with many immediate and long-term funding needs, we have to develop more revenues and, in our view, a sales tax increase is the most logical.

As already mentioned, categories of county needs (both short-term and long-term) include: law enforcement, county roads, 911 emergency management, court house and facilities improvements and the county reserve fund. The largest of the law enforcement needs is jail expenses (the cost of incarcerating Livingston County prisoners). In our 2015 budget last year, we planned for 43 prisoners per day in jail at an average cost of \$30 per day. In 2016, our cost will be \$34 per day and beginning in the summer of 2017 it will go to \$40 per day. This increase from \$30 to \$40 per day is an increase of \$156,000 annually. For long-term planning purposes, the commission estimated the jail population going to 50 prisoners per day at the long-term cost of \$50. Those two increases would add an additional \$284,000 per year to the county's costs for a total of \$441,650 above the 2015 budget. Also, concerning law enforcement, the commission believes there is a need for a full-time law enforcement security officer. County roads are also in need of improvement, and most of the county's townships don't have the funds to do what is necessary to improve them.

After studying this in detail, including studying county form of government versus township form of government, we believe the solution for our county is to assist the townships in their own efforts. The commission believes by adding two to three people to the county crew, a variety of services could be offered to the townships. For example, the county could purchase and install all drainage tubes for the townships which might amount to 100 tubes per year. Good roads require good drainage and 100 tubes a year would improve our county's roads considerably. Additionally, the commission believes that the extra crew, along with the purchase of a truck and loader, could remove rock and dirt from their ditches and roads. Currently, with no equipment or crew to move the dirt, it gets spread back on the road surface which becomes somewhat of a mess. We believe taking on these two functions would, over time, improve county roads conditions considerably. Estimated cost annually would be \$200,000. Finally, there are roads of mutual interest adjoining the city and county that could be improved substantially if the city and the county worked together. An

example of that is Litton Road which needs to be paved. We believe we should partner with the city by contributing to the cost of project like this annually. The estimated cost is \$50,000. Altogether, we believe long-term road improvement needs for Livingston County would cost \$250,000.

Another need the county has to address is the funding for 911 emergency management. The county partners with the city of Chillicothe to operate the 911 system for both the city and county (which needs to be in operation 24 hours a day, seven days a week and 365 days a year). Based on emergency calls our existing system is understaffed and in need of upgrades in equipment, all of which creates a severely underfunded situation. The current 911 funding is totally from fees from land lines only, and Missouri is the only state in the nation that doesn't currently allow a fee on cell phones. As more people abandon their landlines and only use cell phones, the revenues for 911 decrease year after year. Currently, our portion of the existing 911 shortfall is \$80,000 per year and we expect the need to increase by another \$45,000 over time for a total long-term need of \$125,000.

There are also currently courthouse and facility improvements that the county needs to address. There are currently window and lighting replacement needs at the courthouse and in the future the commission expects to replace the roof at the sheriff's office and old plumbing at the courthouse. Current and long term needs in this area are expected to cost \$100,000 per year.

There is also a need to build a county reserve fund. Most counties have a sizeable reserve for contingencies. Our operating fund, which is our General Fund plus our Law Enforcement fund, uses whatever isn't spent from the previous year to make the next year's budget work. Effectively, this means we have a very small actual operating reserve, \$80,000 in this year's budget. Compare that to Grundy and Linn Counties that have over \$2,000,000 each in their operating reserves. These counties probably have more reserves than necessary but we believe we need to increase our reserve amount by \$100,000 per year for a number of years to be in a position to handle the unexpected. The commission is looking at the possibility of proposing a sales tax increase next year. Based on our county needs and the comparison of surrounding counties, we believe that our county should pursue studying the possibility of putting a proposal to the voters sometime next year. Research on this topic will be continued and input from the public is welcomed.



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