

VIRGINIA:

At a recessed meeting of the Washington County Board of Supervisors held Tuesday, March 22, 2005, at 6:00 p.m., at the County Administration Building in Abingdon, Virginia the following were present:

PRESENT:

Phillip B. McCall, Vice Chairman
Bobby D. Ingle
Dulcie M. Mumpower
Odell Owens
Anthony S. Rector
Kenneth O. Reynolds

Mark K. Reeter, County Administrator
Lucy E. Phillips, County Attorney
Mark W. Seamon, Accounting Manager
Naoma A. Mullins, Recording Clerk

ABSENT:

John B. Roberts, Sr. Chairman

1. Call to Order

The meeting was called to order by Mr. Phillip McCall, Vice Chairman of the Board, who welcomed everyone in attendance.

2. Presentation of Revenue Projections for Fiscal Year 2005-06

Messrs. Fred Parker, Treasurer and Melvin Ritchie, Commissioner of the Revenue appeared before the Board presenting preliminary local revenue projections for FY 2005-06.

Mr. Ritchie explained to the Board that at this point he could not provide them with projections on reassessment figures. The reassessment hearings were completed on Friday, March 18, 2005, and the assessors are now out in the field taking another look at property. He also explained that the Information Systems Department would be assisting his office with the land use applications.

The Board devoted discussion on land use issues.

The current revenue projections for FY 2004-05 were reviewed by line item, as well as the proposed figures for FY 2005-06. Mr. Parker advised the Board that the delinquent tax collections are very good.

In discussions on personal property taxes, Mr. Parker stated that the Board would be faced with some difficult decisions in FY 2007-08 concerning the changes to the Personal Property Tax Relief Act. He stated that he is working hard to lock in the County's share of the \$950,000,000.00. Since the County's

portion of this money will be based on the 2004 personal property collections, he will make every effort possible to collect the 2004 delinquent personal property taxes.

Mr. Parker asked the Board to give consideration to eliminating the vehicle decal and adding the fee collected for the decal to personal property tax tickets. He stated that if the Board desired he would bring a formal proposal to them at a future Board meeting.

Accounting Manager Mark Seamon addressed the Board concerning the Consumer Utility Tax. Mr. Seamon explained that some changes had been made to a portion of this tax in order to equalize the measurement on the amount of revenue. The historical data from last year concerning the migration of people from LAN lines to cellular telephones has had a minor affect on the Consumer Utility Tax. This kept any growth in the revenue from happening. The recently implemented tax on mobile phones should increase the revenue eventually.

Mr. Parker addressed the issue of collections on the tax implemented on mobile phones and stated that his office had only collected approximately \$17,000.00. He stated that a lot of the larger cell phone providers are not billing the tax on their customers' statements. The County Attorney has sent a letter to all the cellular phone companies registered agents advising them of the mobile telecommunications tax.

County Attorney Lucy Phillips commented that the ordinance enacting the cell phone tax was put into effect in July 2004. However, there was some advanced notice provisions included in the ordinance so the tax was not supposed to be collected by the mobile telephone providers until December of 2004. Therefore, the County did not expect revenues to start coming in until January or possibly even as late as February of 2005. In the last month, she has been working on determining what companies have been paying the tax and which ones have not. Part of what complicates this process is the cell phone companies do a lot of swapping and some are part of a much larger corporation. Ms. Phillips stated that she believes the list of companies providing mobile telephone services in the County that have not yet begun to remit the tax has been narrowed to three. They are three of the larger companies. It needs to be determined why these companies are not remitting the tax to the County and possibly consideration of initiating a lawsuit to get these companies to pay the bill. She explained that she was in receipt of a notice that AT&T is in the process of a merger with another company so this may be affecting their collection of the mobile telephone tax. However, they should still be collecting and remitting the tax to the County.

Discussion ensued among the Board.

County Administrator Mark Reeter reported that during this year's session of the General Assembly they contemplated an overhaul of telecommunication taxation local and state. The legislation did not pass, but instead there was a directive that information be collected from local governments for CY 2005 as to how much revenue is being collected from telecommunication taxation. This information will have to be reported to the Joint Legislative Audit Review Commission (JLARC). In the 2006 session of the General Assembly it is highly expected that based on the information collected there will be some type of overhaul on the telecommunication taxation system essentially eliminating any local taxes. Instead there would be a uniform statewide levy for wireless communication and 911 services. The tax will be collected in Richmond and they will disburse it back to localities based on what the locality was receiving in CY 2005. Washington County is not yet receiving the anticipated amount of revenue from the mobile telecommunications tax because of the delays in the service providers collecting and remitting the tax to the County. This creates a problem for the County. Another problem that came up during this session of the General Assembly with the proposed legislation that would require that the ordinance to collect such tax to have been in place on or before July 1, 2004 in order to be eligible. The County did not adopt its

ordinance until after July 1, 2004. There is some question as to whether the original form of legislation that the General Assembly looked at this year if Washington County would have received any of the funds from the proposed statewide levy. Mr. Reeter stated that even though new legislation would be proposed during the next session of the General Assembly, he suspected that the County would still face problems being deemed eligible to collect any revenue from the State once it revamps the telecommunication tax levy because of the County's relatively lateness in levying the tax and the difficulty incurred with collecting the tax.

Further discussions ensued among the Board.

Mr. Seamon addressed the Board explaining there is net increase in revenue from the FY 2005 adopted to FY 2005 projected of \$679,435.00. Further, there is a net increase in FY 2005 adopted to FY 2006 proposed of \$1,627,475.00.

Discussions ensued regarding the funding in the FY 2005-06 budget for the Southwest Regional Jail Authority.

Mr. Reeter advised the Board that to comply with the finding in the County's recent audit report that budget information should be supplied to the Board prior to April 1, he would be providing them with a preliminary FY 2005-06 budget at their March 31 joint meeting. This preliminary budget does not balance and basically just includes the funding requests received by the County thus far. In cases where some agency funding requests has not yet been received last year's figures will be used. He stated that the County Administrator's recommended budget would be presented on April 26.

3. Adjourn

On motion of Mr. Owens, second by Mr. Rector, it was resolved to adjourn the meeting.

The vote on this motion was as follows: (6-0)

<i>Mr. Ingle</i>	<i>Aye</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Rector</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>

Prepared by:

Naoma A. Mullins, Recording Clerk

Approved by the Washington County Board of Supervisors:

Phillip B. McCall, Vice Chairman