

**THE CITY OF KENT, OHIO  
FINANCE COMMITTEE  
WED., MARCH 4, 2009**

This meeting of the Finance Committee of Kent City Council was called to order on Wed., March 4, 2009 at 7:53 p.m. by Wayne Wilson, Chair.

**PRESENT:** MR. AMRHEIN, MR. DELEONE, MR. HAWKSLEY, MR. KUHAR, MS. SHAFFER, MR. TURNER, MS. WALLACH, AND MR. WILSON

**ALSO PRESENT:** D. RULLER, CITY MANAGER; J. SILVER, LAW DIRECTOR; D. SMITH, ECON. DEV. DIR.; G. LOCKE, COM. DEV. DIR.; AND L. COPLEY, CLERK OF COUNCIL

**ABSENT:** MR. FERRARA, COUNCIL AND MAYOR FENDER.

Chair Wilson said the first item dealt with the Law Director's comments on proposed business fees. He said he assumed they all received Mr. Kuhar's email from the Clerk.

**Jim Silver, Law Director**, said this is new territory in Ohio. He said there is nothing that says they cannot do it, adding if they pursue it, they need to word it properly so it is not a tax. He said Mr. Locke has been working on a review of residential units, adding it fits into the presentation on licensing of residential units. He suggested they might want him to make a presentation when he is ready with respect to rental units.

Mr. Silver said their best guess is there are four to five hundred businesses in Kent. He said there are probably 4,000 to 6,000 rental units, also. He said some are being inspected, if they are large enough, but a lot are not inspected.

Mr. Kuhar said he put together a rough draft with some suggestions. He said since he put it together, several people felt that \$50 was better for contractors instead of \$100. He said in his outline, some services to be regulated include snow plowing. He said they can build it into a business license, adding everyone would need one. He said there are hundreds of people doing business in Kent that do not live in Kent, adding this would collect revenue. He said that Council member DeLeone's brother thought it was great idea, and told him he pays \$75 to \$100 in every city he works in. He said it would legitimize the businesses, and let the City know what is going on. He said it would be a revenue generator, adding they need to keep the prices modest. He said he would pay money for his rental properties, and he is cheap. He said it is a fair way to create revenue. Mr. Kuhar said it would come from everything that creates income, and would not come from Grandma's social security check.

Ms. Wallach asked what would happen if a business did not pay, and Mr. Kuhar said they would not do business in Kent. Mr. Kuhar said anyone with a legitimate business would not refuse to pay. Ms. Wallach asked about the rental units, and if they did not pay, and Mr. Kuhar said they would be told to cease and desist. Ms. Wallach asked if they would take them to court, and Mr. Kuhar said it would be the Law Director's call.

Mr. Silver said one of his questions to them was whether they would want to shut down Davey Tree for not paying a fee, adding they could plug in any business. Mr. Kuhar asked if Davey Tree would resent paying \$50, and Mr. Silver said they would have to ask them. Mr. Kuhar said these types of fees are so insignificant that people have to pay, adding they are an understood nuisance.

Mr. Hawksley asked if this is a license. Mr. Silver said it is closer to a tax. Mr. Kuhar said it was always explained to him as being an occupational license or a business tax.

Mr. Hawksley asked who is licensed in Kent, in terms of business, and **Gary Locke, Director of Community Development**, said they license the mechanical contractors, having done so for years. He said they wanted to be sure they were current with insurance and qualifications. He said they do license

some rentals through the Health Department, but aside from that he did not think they licensed other businesses. Mr. Hawksley said they have a grading ordinance, and asked if excavating contractors were licensed, and MR .Locke said he was not aware of any license. Mr. Silver said they used to license more mechanical trades, but the State stepped in and licensed them. He said they do less than they used to, as the State figured they could make some money. Mr. Silver said that Pam Hanover of Squires, Sanders and Dempsey, cautioned him that is always a possibility.

Mr. Hawksley asked about the administrative costs, adding someone has to do it and staff would be involved. He said when MR .Kuhar mentioned this previously, he spoke to Barb Rissland and she thought one person would have to be dedicated, as it would be a lot of staff time. Mr. Ruller said he did not have that number, adding if they wanted him to look at it, he would have to look at how other cities do it.

Mr. Kuhar said he found that people in the Building Department or Code Enforcement Department do it as added duties.

Ms. Shaffer said she would like to wrap her mind around how her business would operate. She said it is a loose collection of teachers, who may teach once a week. She asked if they would pay \$25 or \$50 per year each, and Mr. Kuhar said it depended whose name they were under. Ms. Shaffer explained she was a little concerned whether this would discourage people from joining the Chamber, as that would be a way to locate businesses. She questioned whether service businesses pay income taxes to Kent, and Mr. Wilson said they should. Ms. Shaffer asked if they are collecting a good portion of those taxes, and Mr. Ruller said that is where it gets difficult and where their collection issues are tested.

Mr. Turner asked Mr. Kuhar what the overall objective is, and Mr. Kuhar said it is more money into the budget from sources, other than taxing local residents to death. He said there are four hundred local businesses, but thousands of rentals. He said none of that money stays in Kent. He said it is the same with big box stores, window and siding companies, roofing contractors, and building contractors. He said the money does not stay in Kent, adding this will keep a small piece of that money and relieve their financial burden. Mr. Kuhar said it could be a considerable income source.

Ms. Wallach asked what they can offer people in return for paying the money, adding they heard a presentation from Cincinnati that said the rental properties received a seal of approval. She asked if they could do that, and asked if they would be inspected. Mr. Kuhar said that would be a whole different ball game, adding they are then looking at labor and staff time. Ms. Wallach asked if it would be a tax, and Mr. Kuhar said they could call it what they want. He said he pays for occupational licenses that are listed under a business tax category.

Mr. Silver said that is why he mentioned Mr. Locke and the idea of licensing rental properties needing overall council direction. He said it might be something they wish to schedule, adding there are some ramifications beyond just charging money.

Ms. Shaffer said she was going to ask Ms. Wallach's question about the incentive. She asked if they could license particular businesses, such as those who are outside of Kent and work in Kent. Mr. Kuhar said they would be discriminating. Mr. Kuhar said everyone would pay their fair share this way. He said it is for the citizens, and would make the community financially stronger.

Mr. DeLeone asked what other communities have this, suggesting they did not have to reinvent the wheel, and Mr. Kuhar said a lot of local communities narrowed it down to contractors being registered. Ms. Wallach asked if that was discriminatory, and Mr. Kuhar said that was correct. Ms. Wallach questioned if that was legal, and Mr .Silver said it was, if they have a legitimate reason. He said the contractors are licensed because they do not want shoddy buildings, but the State set statewide standards. He said Mr. Kuhar's examples were from Florida, adding he knows of none in Ohio. Mr. Kuhar said the state of Florida had the same issue.

Mr. Amrhein asked if he hired Stanley Steamer to clean his carpets, if they had to be licensed, and Mr. Kuhar said they would. Mr. Amrhein asked how they would know and how the City would track them, and

Mr. Kuhar said it would be the “honor and I caught you” system, and it is never foolproof. He said the system is to inform people. Mr. Amrhein asked what would happen if Stanley Steamer chose not to work in Kent, and Mr. Kuhar said they are greedy, and questioned the cost to clean one carpet.

Ms. Wallach asked if they can just tax rental units, and Mr. Silver said they do that now, adding it is for health and safety justifications upheld by the courts. Ms. Wallach said that is a license, adding there has to be a reason behind the license. She said this would be extra money for revenue, so it is a tax.

Ms. Wallach said she would like to look into this further. She said she would like to see how others did things. She said she owns rental properties, and pays nothing.

Mr. Turner said he would like to see generated projected revenues and administrative costs. He said Mr. Amrhein raised an interesting question about enforcement mechanisms. He questioned enforcement, adding it is another way to raise money. Mr. Kuhar said it gives them control, and the City has a better picture of what is happening. He said that down the road, they may want competency certificates for certain things, adding it is more than a “money getter.” Mr. Turner said this is what it is about, adding it is a way to raise money. Mr. Turner said he has a problem with compliance. Mr. Kuhar said they tell them, “That’s the law.”

Ms. Wallach said others have done this. She suggested they be asked how to do this, and they would not be inventing this from scratch. She said the other places already have the answers, and can be asked about enforcement and noncompliance.

Mr. Hawksley said he is intrigued. He said they do have people doing work on weekends, and asked how much of an issue this is for Kent. He said he shared some of the concerns about administration and enforcement.

Ms. Shaffer suggested exemptions for businesses making less than \$20,000 per year. She commented that this is a cross purpose to what Mr. Smith is trying to do. She suggested it could be a hardship. Mr. Kuhar said if a business cannot afford \$25 to \$50 per year, they might as well close as they are already out of business.

Mr. Amrhein said he is unsure he can support this, but would like to learn more. He said he would like to know if other communities find it successful, enforceable, and how much it would cost.

Mr. Wilson asked how much time they want the Manager to spend investigating this, adding he does not want him spending three months on research to find out it is not feasible.

**MOTION TO LOOK INTO THE BUSINESS LICENSE CONCEPT FURTHER; ASKING THE ADMINISTRATION TO CONTACT THE KEY WEST BUSINESS TAX DEPT., RETURNING WITH INFORMATION.**

Motion made by Mr. Kuhar, seconded by Mr. Turner, and carried by a voice vote of 6-1-1, with Ms. Shaffer dissenting and Mr. Wilson abstaining.

Chair Wilson said the next issue was the RLF loan request. Mr. Smith said this is for Superior Aerial, adding the Revolving Loan Committee approved a loan. He said they did none in 2008. Mr. Smith said they are a bucket truck company, and this loan will help them grown, purchase the site, and move forward. He said that typically, revolving loan funds are 30% of the total. He said this business, located at 1323 Middlebury Road represents \$250,000 in private financing, with \$60,000 contributed by the City. He said the property is appraised at \$372,000. He said they are asking that the funds be appropriated.

Mr. Smith said they have two loans, adding one is UDAG money from Land O'Lakes, and the other was contributed by the EDA. He said the first RLF has a balance of \$140,912, with \$178,691 in the second RLF. He said the money can only be used for business loans, and the interest goes back into the accounts. He said they have not appropriated all of the money previously, adding if he does his job, he hopes to be back several times in 2009 with good quality loans. He asked they appropriate the funds, so

they can make loans in a timely fashion. He said he did not want to wait eight to twelve weeks to get the appropriations done.

There was no audience comment nor any questions at this time.

**MOTION TO AUTHORIZE THE APPROPRIATION OF FUNDS IN THE TWO REVOLVING LOAN FUNDS.**

Motion made by Mr. Hawksley, seconded by Mr. Amrhein.

Chair Wilson told them the property was in Ward 3. The motion carried by a voice vote of 7-0-1, with Mr. Wilson abstaining.

Hearing no further business before this Committee, Chair Wilson adjourned this meeting at 8:22 p.m.

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Linda M. Copley, Clerk of Council

**ACTION RECOMMENDED:**

- 1) **TO LOOK INTO THE BUSINESS LICENSE CONCEPT FURTHER; ASKING THE ADMINISTRATION TO CONTACT THE KEY WEST BUSINESS TAX DEPT., RETURNING WITH INFORMATION**
- 2) **TO AUTHORIZE THE APPROPRIATION OF FUNDS IN THE TWO REVOLVING LOAN FUNDS.**