



CITY OF FAIRMONT

CITY/COUNTY COMPLEX
P.O. Box 1428
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Fairmont, West Virginia 26555-1428
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November 23, 2015

Debbie A. Browning
West Virginia Development Office
West Virginia Municipal Home Rule Pilot Program
State Capitol Complex Bldg. 6, Room 553
Charleston, WV 25305-0311

Re: City of Fairmont's Municipal Home Rule Plan

Dear Members of the Municipal Home Rule Board:

Please find attached the annual progress report for the City of Fairmont's Municipal Home Rule Plan, which was approved by the Home Rule Board on October 6, 2014. I am pleased to report that Council for the City has enacted several ordinances which became effective on October 8, 2015.

The City of Fairmont looks forward to continuing participation in the municipal Home Rule Pilot Program. Should you have any questions regarding the report, please do not hesitate to contact me.

Sincerely,

Janet Keller
Interim City Manager

ANNUAL PROGRESS REPORT

Name of Municipality: **City of Fairmont**

Certifying Official: **Janet L. Keller**

Title: **Interim City Manager**

Contact Person: **Eileen V. Layman**

Title: **Finance Director**

Address: **200 Jackson Street, Suite 301**

City, State, Zip: **Fairmont, WV 26554**

Telephone Number: **304-366-6211**

Fax Number: **304-366-0228**

E-Mail Address: **elayman@fairmontwv.gov**

2010 Census Population:

B. Municipal Classification

Class I Class II Class III Class IV

C. Pilot Program Entry Phase

Phase I (2007 Legislation) Phase II (2014 Legislation) Phase III (2015 Legislation)

D. Attest

I hereby confirm that I am the authorized official for this municipality and certify that the information submitted herein and attached hereto is true and accurate and that this report addresses each and every initiative included in the original Home Rule Pilot Program Plan Application for this municipality and any subsequent amendments, if applicable.

Janet L. Keller

Type Name of Certifying Official


Signature of Certifying Official

11-23-15
Date

Submitted to:

West Virginia Development Office
West Virginia Home Rule Pilot Program
State Capitol Complex, Building 6, Room 553
Charleston, WV 25305-0311

Electronically to:

debbie.a.browning@wv.gov

Non-tax related Initiative: Relief from the zoning ordinance regulating the use or acquisition of additional land by a farm, industry, or manufacturer
Category of Issues Addressed (check all that apply) <input type="checkbox"/> Organization <input checked="" type="checkbox"/> Administration <input type="checkbox"/> Personnel <input type="checkbox"/> Other
Was this non-tax initiative a part of your original plan application <input checked="" type="checkbox"/> or a plan amendment <input type="checkbox"/> ?
Has the ordinance(s) needed to implement this initiative been enacted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, when was the ordinance enacted? September 8, 2015
If no, please describe challenges faced in enacting the related ordinance(s)
<p>SUCSESSES – In the space below, please provide a brief narrative highlighting successes realized through the implementation of this initiative and any metrics used to track performance.</p> <p>The City of Fairmont’s (City) ordinance no. 1658 to provide relief from the provisions of West Virginia Code §8a-7-10(c) which prohibit the City’s zoning ordinance from regulating the use or acquisition of additional land by a farm, industry, or manufacturer passed unanimously after a work session with Council on August 11, 2015, introduction of the ordinance on August 25, 2015, and proper notification and public hearing at Council’s regular meeting on September 8, 2015.</p> <p>To date, this ordinance has not affected any business.</p>
<p>LESSONS LEARNED – In the space below, please provide a brief narrative highlighting lessons learned during implementation of this revenue initiative that would benefit other municipalities.</p> <p>The City has amended its Zoning and Land Use Planning Ordinance to aid its revitalization efforts and to accommodate and meet the changes in land uses. The revitalization goal has only been partially realized and the expansion of certain industrial activities allowed under West Virginia Code §8a-7-10(c) was proven to be a major impediment to achieving the City’s goals. The City would encourage other municipalities to enact legislation providing relief from West Virginia Code §8a-7-10(c) to ensure protection from future acquisition or expansion of non-conforming uses.</p>

Non-tax related Initiative: Relief from the notice and public auction requirements relevant to the sale of real property when the value is less than \$15,000

Category of Issues Addressed (check all that apply)

Organization Administration Personnel Other

Was this non-tax initiative a part of your original plan application or a plan amendment ?

Has the ordinance(s) needed to implement this initiative been enacted? Yes No

If yes, when was the ordinance enacted? **September 8, 2015**

If no, please describe challenges faced in enacting the related ordinance(s)

SUCSESSES – In the space below, please provide a brief narrative highlighting successes realized through the implementation of this initiative and any metrics used to track performance.

The City of Fairmont’s (City) ordinance no. 1653 to provide relief from the notice and public auction requirements of West Virginia Code §8-12-18(b) relative to the sale of real property belonging to the City when the value of the parcel to be sold is less than \$15,000 passed unanimously after a work session with Council on August 11, 2015, introduction of the ordinance on August 25, 2015, and proper notification and public hearing at Council’s regular meeting on September 8, 2015.

To date, no sale of City property under the new legislation has occurred. The City has plans to make an inventory of its substandard lots and work together with the BAD Buildings Committee and local community development groups to promote the sale and productive reuse of such lots.

LESSONS LEARNED – In the space below, please provide a brief narrative highlighting lessons learned during implementation of this revenue initiative that would benefit other municipalities.

This initiative will work in conjunction with the City’s BAD Buildings program. Given that dilapidated, abandoned and vacant properties are a statewide problem, this initiative should be promoted as part of any municipality’s BAD Buildings program because it allows for sub-standard and vacant lots to be returned to productive use.

Tax related Initiative: Expand B&O tax credits for new business and business expansion; to promote the re-occupancy of vacant or dilapidated structures, to foster the rehabilitation and preservation of contributing structures in the City's downtown historic district; and to encourage longevity of business operation in the corporate limits

Was this tax initiative a part of your original plan application or a plan amendment ?

Has the ordinance(s) needed to implement this initiative been enacted? Yes No

If yes, when was the ordinance enacted? **September 8, 2015**

If no, please describe challenges faced in enacting the related ordinance(s)

REVENUES – In the space below, please provide a brief narrative highlighting revenue amounts and revenue categories realized; revenue amounts and revenue categories reduced; net revenue gain; and, any metrics used to track performance.

The City of Fairmont's (City) ordinance no. 1654 providing for the expansion of Business and Occupation Tax credits in four categories passed unanimously after a work session with Council on August 11, 2015, introduction of the ordinance on August 25, 2015, and proper notification and public hearing at Council's regular meeting on September 8, 2015.

To date, no business has made application to the City under the new legislation for expanded tax credits. The City has promoted the enactment of the legislation on its website; has developed flyers for distribution, and plans to provide other communication to businesses.

B&O Tax revenues from any number of categories could be affected by these credits. The City has no reasonable method of estimating the cost to the City for reduced revenues caused by B&O tax credits for preservation of contributing structures in the historic district. It is probable that there will only be one or two credits of this type per year. The new business, job expansion, and re-occupancy tax credits will not affect the current tax base. These credits will allow credits against new B&O Tax revenues. The anniversary tax credit will affect revenues minimally in milestone years. The City is currently reviewing the tax database to modify reporting and enable the cost estimate of reduced B&O tax revenues caused by the milestone credits in 2016.

SUCSESSES – In the space below, please provide a brief narrative highlighting projects, improvements, programming, etc. realized through the implementation of this revenue initiative and any metrics used to track performance.

In allowing these B&O Tax credits, the City hopes to promote the general welfare of its citizens and realize the government objectives of revitalization and renewal of the City of Fairmont.

LESSONS LEARNED – In the space below, please provide a brief narrative highlighting lessons learned during implementation of this revenue initiative that would benefit other municipalities.

The City is in the implementation phase. Forms have been developed for applications of credits and additional forms have been developed for businesses to report these credits. We have found that communication to businesses is going to be key in the success of the program.

Tax related Initiative: Relief from the limitation in authority to offer B&O tax credits to provide for imposition of a one percent consumer sales and use tax

Was this tax initiative a part of your original plan application or a plan amendment ?

Has the ordinance(s) needed to implement this initiative been enacted? Yes No

If yes, when was the ordinance enacted? **September 8, 2015**

If no, please describe challenges faced in enacting the related ordinance(s)

REVENUES – In the space below, please provide a brief narrative highlighting revenue amounts and revenue categories realized; revenue amounts and revenue categories reduced; net revenue gain; and, any metrics used to track performance.

The City of Fairmont's (City) ordinance no. 1655 providing for the imposition, administration, collection and enforcement of a Consumers Sales and Service Tax and a Complimentary Use Tax passed unanimously after a work session with Council on August 11, 2015, introduction of the ordinance on August 25, 2015, and proper notification and public hearing at Council's regular meeting on September 8, 2015.

On October 9, 2015, thirty days after adoption of ordinance no. 1655, the following was submitted to West Virginia State Tax Commissioner Matkovich:

- 1) A certified copy of the City's ordinance enacting the consumers' sales and service tax and complimentary use tax;**
- 2) Certified copies of two City ordinances repealing and/or reducing the City's Business and Occupation Tax as follows:**
 - a. Reducing the Business and Occupation Tax rate on Retail sales from \$0.39/\$100 of gross receipts to \$0.35/\$100 of gross receipts with an estimated decrease in revenue of \$75,000;**
 - b. Eliminating the Business and Occupation Tax on the Wholesale category with an estimated decrease in revenue of \$147,000; and**
 - c. Eliminating the Business and Occupation Tax on the Manufacturing category with an estimated decrease in revenue of \$122,000;**
- 3) A descriptive map of the boundaries of the City of Fairmont; and**
- 4) A report of zip+four codes listed inside the City's corporate limits**

On November 18, 2015, The City received formal notification from General Counsel for Revenue Operations of the West Virginia Tax Commission, approving the form of the ordinance. The City's data file of zip plus four addresses has also been approved by the Business Tax Section of the Commission. The City believes everything is in order to allow for the 180-day notice period to begin on January 1, 2016 and impose a one percent (1%) sales tax beginning on July 1, 2016, the effective date of the City's ordinance.

It is estimated that imposition of the sales tax will generate \$1,253,000 in gross annual revenues for the City. Net of the Tax Commission's administrative fee of \$63,000, estimated at 5%, and the

offset reductions in Business and Occupation Tax of \$344,000, the City anticipates receiving \$846,000 in additional net revenue.

SUCSESSES – In the space below, please provide a brief narrative highlighting projects, improvements, programming, etc. realized through the implementation of this revenue initiative and any metrics used to track performance.

The City expects to use net revenue generated from the imposition of the sales tax to finance its unfunded liabilities in the City of Fairmont’s Policemen’s and Firemen’s Pension and Relief Funds, provide funding for the demolition of vacant and dilapidated structures and provide funding for quality of life projects.

LESSONS LEARNED – In the space below, please provide a brief narrative highlighting lessons learned during implementation of this revenue initiative that would benefit other municipalities.

The City worked closely with the West Virginia Tax Commission and asked for a review and critique of the City’s ordinance prior to presenting the ordinance to City Council for adoption. This facilitated the process and resulted in no issues post-adoption.