



**GATE CITY TOWN COUNCIL PUBLIC HEARING MINUTES**

**July 13, 2021**

**156 East Jackson St., Gate City, VA 24251**

**6:30 PM**

**I. PUBLIC HEARING MEETING CALLED TO ORDER AT 6:33 P.M. BY: Mayor – Bob Richards**

**II. ROLL CALL – Town Clerk – Lydia Morales**

	PRESENT:	ABSENT:
Mayor, Bob Richards	X	
Vice Mayor, Robin Richards	X	
Council Member, Allan “Cotton” Roberts	X	
Council Member, Roger Cassell	X	
Council Member, Wallace W. Ross, Jr.	X	
Council Member, Tyler Kilgore	X	
Town Manager, Greg Jones	X	
Town Attorney, Michele Brooks	X	

Others present: Pat and Rachel Elliott, Campus Drive-In; June Mott; Victor Jessop; Gabriel Edmunds, Scott County Virginia Star; Jason Snapp, Mattern & Craig; Ann Roark; Jim Addington; Eric Lane, Pal’s; Ron and Debbie Kindle; Chief of Police Justin Miller

**III. NEW BUSINESS**

- **MEALS TAX RATE INCREASE**

**IV. PUBLIC COMMENT** – Mayor Richards stated that there is a proposal from the Town Council to raise the Meals Tax from 3.5%, but there is no specified rate. Town Attorney Michele Brooks stated that the maximum increase allowable by law is 7%.

**Pat Elliott: Owner/Operator of The Campus Drive-In** - Mr. Elliott stated that he is sure the Council has received advice on raising the taxes, but the Council also needs to consider that restaurants have had a huge hit. Mr. Elliott stated that he understands that all he is doing is collecting taxes and turning it in, but people don’t see that. Mr. Elliott stated that people see the bottom line when they go to pay. Mr. Elliott asked the Council if they ever look at the tax? And stated that they did not, that they look at the bottom line. Mr. Elliott stated that he has had a 20% increase in costs and a \$2 an hour increase on minimum wage. Mr. Elliott asked what is this tax going to go in the general fund? Mayor Richards stated that yes, it will go into the general fund and as much as Mr. Elliott’s costs go up, the costs of the Town increase as well. Mayor Richards stated that the Town’s employee costs increase as well. Mayor Richards stated that the Town does not have a product to sell, and the only thing that we can do to raise revenue is to find tax money to help cover those costs. Mr. Elliott asked how much of an increase is the Town looking to enforce? Council Member Roberts stated that the Council has not settled on a number yet. Mr. Elliott asked what the increased costs of the Town are? Mayor Richards stated that the employee costs are going to go up, we have to buy equipment and the materials that we have to buy have increased such as the chemicals that we buy for our water plant which have increased by 40%, and gas and training for the police department. Mayor Richards stated that we are trying to find some other ways to help minimize those costs. Mr. Elliott stated that there has to be an alternative and the Council should spread it out a little bit. Mr. Elliott asked

how many restaurants there are in Town? Maybe five? Council Member Cassell asked if people are going to notice 2.5 more cents on a dollar? Mrs. Rachel Elliott stated yes, that people notice every cent. Mr. Elliott asked if the Council has ever considered sales tax? Mayor Richards stated no, it is regulated by the state. Mr. Elliott asked how did the Town make it years without an increase? Mayor Richards stated that the Town has not had a tax increase in a number of years, but a lot of the infrastructure in this Town has deteriorated. Mrs. Elliott stated that now the restaurants are going to be punished for things that were not their fault. Mayor Richards stated that the town is limited on what revenue we can raise and from where. Mr. Elliott asked if back taxes are being collected? Town Attorney Brooks stated yes. Mayor Richards stated that we are trying to upgrade a lot of our infrastructure and some of it you may not see because it is underground, yet it benefits the Town and its citizens. Mr. Elliott stated that he understands that the Town has to have money to operate, but there are other businesses. Mr. Elliott expressed his thanks to the Council for what they do and stated that he hopes he is not reading into the scenario that they have made their minds up already. Council Member Ross asked what would be a number that would be suitable, because we haven't raised taxes in 20 years? Mr. Elliott stated that he does not have that answer. Mayor Richards stated that he has checked with other localities and Gate City has the lowest meals tax rate and most are around 6% to 7%.

**Eric Lane: Owner/Operator Pal's Gate City, VA** - Mr. Lane stated that number one he is here for his customers, because like Mr. Elliott, Pal's recently had a 1.5% price increase and customers have noticed. Mr. Lane stated that customers let Pal's know through e-mails and at the window that they notice. Mr. Lane stated that he is here because he opposes any additional tax on food. Mr. Lane stated that the types of restaurants in Gate City are not restaurants for entertainment and they are not fine dining, they are the way that people in our town get their meals. Mr. Lane stated that senior citizens, service workers and people who depend on one or two of their meals to come from a restaurant because they may not be able to prepare that meal. Mr. Lane stated that restaurants are being hit hard right now with wage increases and finding workers. Mr. Lane stated that Pal's is having to raise prices to combat the wage increase and higher food costs. Mr. Lane stated that restaurant owners are going to be the ones who will hear from customers because the prices are high and we will be inclined to say talk to your council members. Mr. Lane stated that he believes that it is unfair to restaurants to bear the burden of additional taxes when other businesses aren't. Mr. Lane stated that we are in a county that is below the poverty level and we are talking about taxing food. Mr. Lane stated that Virginia has an income tax and just across the border, Tennessee does not have an income tax. Mr. Lane stated that based on what this tax could be, we may end up with a higher tax than a state that does not have an income tax on its citizens. Mr. Lane stated that he is thinking about the people who will not spend their money here because the taxes are too high and will go across the state line. Mr. Lane stated that as someone who is on the Economic Board for Scott County, we face this a lot and have trouble attracting businesses to Virginia.

**V. PUBLIC HEARING CLOSES AT 6:54 P.M.**

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Bob Richards – Mayor

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Town Clerk – Lydia Morales