

Memorandum

TO: Pat Finnigan
Town Manager

FROM: Karen Fortier, CMA
Municipal Resources, Inc.
Contract Assessor

DATE: September 10, 2019

RE: 2019-20 Tax Rate Calculation

On the following attached spreadsheets, I have provided the tax rate calculation form, a comparison of the prior year's tax rate calculation, and a list of suggested tax rates and corresponding overlays.

On the prior year comparison spreadsheet, the town's total taxable valuation base increased by 0.50%. There was an approximately seven million four hundred thousand dollar (\$7,439,800) increase in real estate taxable valuation due to new construction changes, building permits and cyclical reviews. There was about a two hundred and ninety thousand dollar (\$290,840) decrease in personal property values. Some of the prior year's personal property value moved to the BETE program increasing the BETE exemption value by seventy-four thousand dollar (\$74,118). This is due in part to an expansion of the BETE program in 2018 where retail businesses selling services or intangible goods now qualify for tax exemption for qualified personal property.

The prior year comparison spreadsheet also shows that the County appropriations increased 6.56%. Municipal appropriations decreased (2.96%) and School/education appropriations increased 1.37%. In total, appropriations decreased about \$150,000 and total revenues decreased by about \$300,000, resulting in a slight increase of \$165,200 or 1.44% of the total net tax dollars to be raised by the local property tax rate.

On the spreadsheet following the Municipal Tax Rate Calculation Form, I have attached an overlay relationship spreadsheet showing the potential range of overlay amounts depending on the tax rate selected. The first tax rate shown is \$7.98 with an overlay of \$40,241 which is slightly less than last year's overlay of \$45,628. The maximum tax rate is \$8.35 with an overlay of \$581,119.

With consideration for all aspects, including prior year tax rates, it is my recommendation that a tax rate of \$8.00 be selected which is a 1.14% increase from last year and has an overlay amount of \$69,477. This translates into a \$45 increase in taxes on a property assessed at \$500,000.

| | 2018-2019* | 2019-2020 | \$ CHANGE | % CHANGE |
|--|-------------------------------|-------------------------------|---------------------------|---------------|
| LOCAL TAXABLE REAL ESTATE | \$1,439,651,650 | \$1,447,091,450 | \$7,439,800 | 0.52% |
| LOCAL TAXABLE PERSONAL PROPERTY | \$10,985,150 | \$10,694,310 | -\$290,840 | -2.65% |
| TOTAL TAXABLE VALUATION | \$1,450,636,800 | \$1,457,785,760 | \$7,148,960 | 0.49% |
| TOTAL OF ALL HOMESTEAD EXEMPTION VALUE | \$6,260,000 | \$6,340,000 | \$80,000 | 1.28% |
| HOMESTEAD REIMBURSEMENT VALUE | \$3,912,500 | \$3,962,500 | \$50,000 | 1.28% |
| BETE EXEMPTION | \$94,252 | \$168,370 | \$74,118 | 78.64% |
| BETE REIMBURSEMENT | \$47,126 | \$84,185 | \$37,059 | 78.64% |
| TOTAL VALUATION BASE | <u>\$1,454,596,426</u> | <u>\$1,461,832,445</u> | <u>\$7,236,019</u> | 0.50% |
| | | | | |
| | | | | |
| | | | | |
| APPROPRIATIONS | | | | |
| COUNTY TAX | \$716,034 | \$763,028 | \$46,994 | 6.56% |
| MUNICIPAL APPROPRIATION | \$9,238,046 | \$8,964,466 | -\$273,580 | -2.96% |
| TIF FINANCING PLAN AMOUNT | \$0 | \$0 | \$0 | 0.00% |
| SCHOOL/EDUCATION APPROPRIATIONS | \$5,401,454 | \$5,475,468 | \$74,014 | 1.37% |
| TOTAL APPROPRIATIONS | <u>\$15,355,534</u> | <u>\$15,202,962</u> | <u>-\$152,572</u> | -0.99% |
| | | | | |
| ALLOWABLE DEDUCTIONS | | | | |
| STATE MUNICIPAL REVENUE SHARING | \$16,911 | \$16,000 | -\$911 | -5.39% |
| OTHER REVENUES | \$3,878,710 | \$3,561,780 | -\$316,930 | -8.17% |
| TOTAL DEDUCTIONS | <u>\$3,895,621</u> | <u>\$3,577,780</u> | <u>-\$317,841</u> | -8.16% |
| | | | | |
| NET TO BE RAISED BY LOCAL PROPERTY TAX RATE | <u>\$11,459,913</u> | <u>\$11,625,182</u> | <u>\$165,269</u> | 1.44% |
| | | | | |
| TAX RATE OVERLAY* | <u>\$7.91</u> | <u>\$8.00</u> | <u>\$0.09</u> | 1.14% |
| | <u>\$45,628</u> | <u>\$69,477</u> | <u>\$23,848.83</u> | 52.27% |
| | | | | |
| TAXES ON A \$500,000 ASSESSMENT | <u>\$3,955</u> | <u>\$4,000</u> | <u>\$45</u> | 1.14% |
| | | | | |
| | | | | |
| | | | | |
| *Amended 3-21-19 (Overlay is \$316.40 less than Commitment 9-18-18) | | | | |

| TAX RATE | OVERLAY AMOUNT | EQUATES TO ASSESSED VALUE | % OF TOTAL TAXABLE ASMNT |
|--|------------------|---------------------------|--------------------------|
| \$7.98 | \$40,241 | \$5,042,732 | 0.34% |
| \$7.99 | \$54,859 | \$6,865,957 | 0.47% |
| \$8.00 | \$69,477 | \$8,684,645 | 0.59% |
| \$8.01 | \$84,095 | \$10,498,811 | 0.72% |
| \$8.02 | \$98,714 | \$12,308,455 | 0.84% |
| \$8.35 | \$581,119 | \$69,595,090 | 4.76% |
| Maine law allows Towns to set the overlay up to 5% of the tax commitment | | | |