

The Estimated Impact of the Palesky Tax Cap Proposal on Alfred

Prepared for:

Citizens to Reduce Local Property Taxes Statewide

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INTRODUCTION

The town of Alfred is located in York County. It encompasses 27.9 square miles and has a population of 2,497. It is the county seat of York County and was incorporated in 1794. Alfred is primarily a residential community. Alfred is governed by a selectman/town meeting form of government. There is a great deal of citizen involvement in several adjunct committees, including the Conservation Commission, Historical Committee, and Planning Board.

Potential cuts resulting from the proposed tax cut and the impacts of the cuts were determined by a line-by-line examination of the Town's budget by the Board of Selectmen. The Town's Administrative Assistant can be reached at 207-324-5872, ext. 202 or at alfselectmen@adelphia.net.

PROPERTY TAX REVENUE IMPACT

2004 Municipal Valuation	<u>\$231,920,095</u>
Effective Date of Last Revaluation	<u>1-Apr-04</u>
Assessment Ratio (02/04 ratio)	<u>100</u>
Estimated Equalized 2004 Valuation (divide 2004 municipal valuation by assessment ratio unless revaluation became effective within last 2 years then use actual municipal valuation)	<u>\$231,930,095</u>
Tax Commitment with 10 Mill Cap (multiply estimated equalized 2004 valuation by .010)	<u>\$2,319,301</u>
Voter Approved Debt (annual 2004 payment on debt; only include current year payment on debt which was approved by the voters before 1999 or approved by at least 2/3 of the voters between 1999-2004)	<u>\$105,135</u>
Total Tax Commitment Allowed under Tax Cap (tax commitment with 10 mill cap plus voter approved debt service)	<u>\$2,424,436</u>
2004 Actual Total Tax Commitment	<u>\$2,592,483</u>
Estimated Property Tax Revenue Loss under Tax Cap 2004 (actual commitment minus tax commitment allowed under Palesky)	<u>\$168,047</u>
Estimated Property Tax Revenue Loss as % of 2004 Actual Total Tax Commitment	<u>6%</u>

SUMMARY

Perhaps the most chilling words a resident can hear regarding the effects of the Palesky Tax Cap are “It will put residents at risk”. Such were the words expressed by Alfred’s town office personnel when describing the cuts proposed by the Board of Selectmen. The selectmen proposed cutting both deputy hours and fire and rescue, among other areas. The concern is that because of a loss of personnel, response time to crisis calls will be slower and will be performed by fewer people than is currently the case. Although the amount of money lost by the tax cap would seem small compared to many other Maine towns and cities, the effect will be felt by the 2,497 residents of Alfred. Other cuts proposed to meet the loss of \$168,047 are in areas of parks and recreation, road maintenance, fire and rescue supplies and protective equipment.

SERVICE IMPACTS

The following are specific examples of potential service impacts resulting from the Palesky Tax Cap:

Public Safety

- Deputy hours eliminated
- Fire & Rescue per diem 24 hour coverage cut to at least 1/2
- Protective gear reduced
- Cut funding to the rescue services, which may include items such as supplies
- Cut per call amount for Fire and Rescue runs

These cuts will impact Alfred's emergency services. The response time to a call will be slower and with fewer people; it will put residents at risk. These cuts will jeopardize the morale of volunteers and staff at both Fire and Rescue, causing lower response to calls. The quality of services that Fire and Rescue provide will be affected by lack of funds to maintain equipment and supplies. Some of the standards set by the state and federal government on emergency equipment and protective gear will be hard to meet. "

Public Works

- Cut the full time road employee
- Cut the amount of funding for summer maintenance
- Cut the amount of funding in the paving account
- Cut the solid waste account - The town may have to institute fees to cover the loss of funding."

The road employee gives the town better control over the quality of work done on the road infrastructure. Alfred will lose this and will have to bid out all of the work, hoping that the town could contract with someone affordable. The maintenance of the roads will be cut, resulting in little, or no, brush cutting and maintenance of ditches, etc. Alfred would not be able to keep up with the recommended paving schedule of 4.2 miles per year. This will result in roads breaking down at a faster rate. Waste disposal will be affected.

Parks, Recreation and Library

- Funding to the town's Parks & Recreation Department, Playground, Alfred Festival, Sno-Travellers Club, Care of Cemeteries and Library would be cut.

The impact on these is obvious. The programs provided for residents would be drastically reduced; if continued, funds would have to be solicited by the interested groups, all of whom are volunteer and put in a great deal of time already.

Codes, Health and Human Services

- Alfred would consider cutting support to social agencies by \$5,000. This will make it difficult for these entities to provide service to residents.

General Administration

- Cut of insurance coverage - full time to be considered at 30 hours instead of 20 hours.
- Cut the implementation of programs such as GASB (the accounting/auditing standards as mandated by the federal government).
- Cut town hall maintenance.
- Cut the computer budget.
- Cut the codification of ordinances and codes by an outside entity.

The hours town hall offices are open will have to be shortened. Projects such as codification and GASB will have to be done in-house by those who are not professionally qualified in the field and who will not have time to do so. Buildings will deteriorate at a faster rate because of a lack of upkeep. Alfred sees these cuts in administration not only affecting the residents who use the services but also affecting the morale of the people who provide the services."

Education

Alfred is in an SAD, and town officials have no direct control over the SAD budget. SAD impacts were not considered for this analysis.

Debt Service

Selectmen proposed no cuts to current debt but believe there will be an increase in debt due to having to borrow tax anticipation notes earlier and at a larger amount.

IMPACTS OF BUSINESSES

If that Cap were to pass it is clear that the business community would be paying increased fees for services just as residents will. These fees and charges may in turn affect increases in business' products. Alfred officials state that "Anytime you take away from the financial stability of a municipality, the ripple effect will indirectly affect the businesses. If Palesky passes, we feel it will lessen the ability to administer the land use regulations that will apply to new [businesses] or changes in businesses in town".

NON PROPERTY TAX REVENUE IMPACTS

The Alfred Selectmen agree that if Palesky passes they will need to implement fees most likely in the following areas:

- Solid Waste Fees- cost per bag, higher fees for disposal of demolition material, tires, brush and wood waste, etc.
- Building Fees - the permit fee for building would likely increase.
- Recreation Fees - Alfred would need to implement fees for any of the activities the town now provides.
- Town Hall Fees - implementation of fees for assessing information to Real Estate Agents and others. Increase in copier fees to the general public.
- Public Safety - Alfred would consider implementing fees for Emergency Services, Rescue and Fire.

BUDGET BACKGROUND

2002 Full Value Tax Rate	10.37
2004 % of Tax Commitment – Municipal	44%
2004 % of Tax Commitment – School	50%
2004 % of Tax Commitment – County	3%
Current Fiscal Year	Jan 1 04 - Dec 31 04
Current Year General Fund Expenditures	\$3,425,073
Undesignated, Unreserved Fund Balance (in last completed fiscal year)	\$758,990
Undesignated, Unreserved Fund Balance as a % of Current Year Total General Fund Expenditures	22%
2004 Long-Term Debt Outstanding	\$893,667
2004 Five Largest Taxpayers	Valuation
Central Maine Power	\$3,848,800
Keyword Mobile Home Park	\$2,189,500
Hazel-Dell LMT	\$1,542,006
Alan Martin	\$1,344,800
John Folsom	\$1,252,100

Palesky Tax Cap Impact - Alfred												
Budget Impacts												
Expenditure Category	2004 Budget (Actual)				Estimated Budget Cuts under Palesky Tax Cap				2004 Estimated Budget under Palesky Tax Cap			
	Operating	Capital	Total (oper.+cap.)	Category Total as % of Total	Operating	Capital	Total (oper.+cap.)	Category Total as % of Total	Operating	Capital	Total (oper.+cap.)	Category Total as % of Total
General Administration	\$594,806	\$0	\$594,806	17.4%	\$65,647	\$0	\$65,647	37.4%	\$529,159	\$0	\$529,159	16.3%
Public Safety	\$249,680	\$7,400	\$257,080	7.5%	\$15,000	\$7,400	\$22,400	12.8%	\$234,680	\$0	\$234,680	7.2%
Law Enforcement	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Fire	\$177,200	\$7,400	\$184,600	5.4%	\$15,000	\$7,400	\$22,400	12.8%	\$162,200	\$0	\$162,200	5.0%
Emergency Medical Services (included under "Fire" category)	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Other Public Safety	\$72,480	\$0	\$72,480	2.1%	\$0	\$0	\$0	0.0%	\$72,480	\$0	\$72,480	2.2%
Public Works	\$579,011	\$0	\$579,011	16.9%	\$65,000	\$0	\$65,000	37.0%	\$514,011	\$0	\$514,011	15.8%
Roads	\$429,461	\$0	\$429,461	12.5%	\$50,000	\$0	\$50,000	28.5%	\$379,461	\$0	\$379,461	11.7%
Solid Waste	\$145,000	\$0	\$145,000	4.2%	\$15,000	\$0	\$15,000	8.5%	\$130,000	\$0	\$130,000	4.0%
Other Public Works	\$4,550	\$0	\$4,550	0.1%	\$0	\$0	\$0	0.0%	\$4,550	\$0	\$4,550	0.1%
Codes, Health & Human Services	\$33,600	\$0	\$33,600	1.0%	\$5,000	\$0	\$5,000	2.8%	\$28,600	\$0	\$28,600	0.9%
Parks, Recreation, & Library	\$77,400	\$0	\$77,400	2.3%	\$17,400	\$0	\$17,400	9.9%	\$60,000	\$0	\$60,000	1.8%
Parks and Recreation	\$31,400	\$0	\$31,400	0.9%	\$6,400	\$0	\$6,400	3.6%	\$25,000	\$0	\$25,000	0.8%
Library	\$46,000	\$0	\$46,000	1.3%	\$11,000	\$0	\$11,000	6.3%	\$35,000	\$0	\$35,000	1.1%
Education (local appropriation from property taxes only)	\$1,596,411	\$0	\$1,596,411	46.6%	\$0	\$0	\$0	0.0%	\$1,596,411	\$0	\$1,596,411	49.1%
County Tax	\$96,880	\$0	\$96,880	2.8%	\$0	\$0	\$0	0.0%	\$96,880	\$0	\$96,880	3.0%
Debt Service	\$105,135	\$0	\$105,135	3.1%	\$0	\$0	\$0	0.0%	\$105,135	\$0	\$105,135	3.2%
Other (anything not included in above categories)	\$84,714	\$0	\$84,714	2.5%	\$0	\$0	\$0	0.0%	\$84,714	\$0	\$84,714	2.6%
TOTAL	\$3,417,637	\$7,400	\$3,425,037	100.0%	\$168,047	\$7,400	\$175,447	100.0%	\$3,249,590	\$0	\$3,249,590	100.0%

Notes:

"2004 Budget Actual Other Operating": Overlay=\$84,714.

"2004 Estimated Budget under Palesky Tax Cap Other Operating": Overlay=\$84,714.

Palesky Tax Cap Impact - Alfred												
Employment Impacts												
Service Category	2004 # of Positions (Actual)				Estimated Position Cuts under Palesky Tax Cap				2004 Estimated # of Positions under Palesky Tax Cap			
	Full Time	Part Time	Total (full+part)	Category Total as % of Total	Full Time	Part Time	Total (full+part)	Category Total as % of Total	Full Time	Part Time	Total (full+part)	Category Total as % of Total
General Administration	2	14	16	30.2%	0	-2	-2	8.0%	2	12	14	50.0%
Public Safety	1	28	29	54.7%	0	-22	-22	88.0%	1	6	7	25.0%
Law Enforcement	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Fire	0	3	3	5.7%	0	0	0	0.0%	0	3	3	10.7%
Emergency Medical Services (includes Fire)	1	25	26	49.1%	0	-22	-22	88.0%	1	3	4	14.3%
Other Public Safety	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Public Works	1	4	5	9.4%	-1	0	-1	4.0%	0	4	4	14.3%
Roads	1	1	2	3.8%	-1	0	-1	4.0%	0	1	1	3.6%
Solid Waste	0	3	3	5.7%	0	0	0	0.0%	0	3	3	10.7%
Other Public Works	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Codes, Health & Human Services	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Parks, Recreation, & Library	0	3	3	5.7%	0	0	0	0.0%	0	3	3	10.7%
Parks and Recreation	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Library	0	3	3	5.7%	0	0	0	0.0%	0	3	3	10.7%
Other (anything not included in above categories)	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
TOTAL	4	49	53	100.0%	-1	-24	-25	100.0%	3	25	28	100.0%

Notes:

Alfred is part of a SAD for schools and therefore education impacts were not included in this analysis