

The Estimated Impact of the Palesky Tax Cap Proposal on Greenville

Prepared for:

Citizens to Reduce Local Property Taxes Statewide

Prepared by:



19 Commercial Street
Portland, Maine, 04101
www.policyoneresearch.com

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INTRODUCTION

The Town of Greenville was incorporated in 1836. It is located in Piscataquis County and is a gateway community to the northern Maine woods. Greenville is 43.6 square miles in size. It is a scenic community in a pristine woodland area on the shores of Moosehead Lake with a population that swells from 1,623 year-round people to approximately 6,000 in the summer and 4,000 in the winter. The town's location within this forested area of Maine necessitates its role as a primary service center to surrounding communities. The Town of Greenville has a Town Meeting form of government with an elected five-person Board of Selectmen that oversees the town government. The day to day operations of the town are run by the Town Manager, who works for the Board of Selectmen. The town is part of School Union 60.

Tax cap impacts were estimated by both the town manager's and bookkeeper's review of the current budget and estimated proposed tax loss. If the tax cap were implemented, the budget process, culminating in the annual town meeting, would be engaged in order to align the available resources. The Town Manager can be reached at 207-695-2421 or john@greenvilleME.com.

PROPERTY TAX REVENUE IMPACT

2004 Municipal Valuation	<u>\$153,930,950</u>
Effective Date of Last Revaluation	<u>1991</u>
Assessment Ratio (02/04 ratio)	<u>0.94</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>\$163,756,330</u>
Tax Commitment with 10 Mill Cap (multiply estimated equalized 2004 valuation by .010)	<u>\$1,637,563</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>\$84,824</u>
Total Tax Commitment Allowed under Tax Cap (tax commitment with 10 mill cap plus voter approved debt service)	<u>\$1,722,387</u>
2004 Actual Total Tax Commitment	<u>\$3,319,428</u>
Estimated Property Tax Revenue Loss under Tax Cap 2004 (actual commitment minus tax commitment allowed under Palesky)	<u>\$1,597,040</u>
Estimated Property Tax Revenue Loss as % of 2004 Actual Total Tax Commitment	<u>48%</u>

SUMMARY

Greenville's relative isolation makes the expected cuts that would result from the Palesky Tax Cap even more injurious to the short and long term viability of the community. With a projected loss of 48 percent of Greenville's current tax commitment, or \$1,597,040, services would be vastly curtailed, with education and public safety facing the greatest losses. For instance, the community could no longer offer well-equipped fire rescue services; some of Greenville's elementary, and all of its middle and high school children would be transported from their community to a district 26 miles away; it would be a fortuitous, but unlikely event if the elementary school, with grades K-3, could remain in Greenville.

The Town maintains an undedicated, unreserved fund balance of around 4%, which is a level at the low end of the range recommended by the Government Finance Officers Association. Therefore, surplus would not be available to minimize the impact of loss property taxes. The Town would also still be required to pay the County tax, and therefore would have to make budget cuts beyond the loss of property tax revenues due to the cap.

The impact of the property tax loss for the town is best portrayed by the impact on school and municipal positions. The town and school combined, currently have 128 full and part time positions. If the cap were enacted, the town would need to cut 63 positions, nearly half of its current workforce.

With the curtailment of all publicly supported recreation services; the loss of the town's schools; the expected out-migration of those who lose their jobs in the schools, etc.; the reduction in public safety services; one could project that Greenville would suffer a major loss of population over the long-term. Population loss leads to less demand for the businesses that currently operate in Greenville, most notably the hospital. It is clear that if the Palesky Tax Cap were to pass, Greenville would become a community drastically different from what it is now.

SERVICE IMPACTS

The following is a detailed description of specific service cuts by program area.

Public Safety - Fire Department

- There are no full-time positions in this department currently, only 25 volunteers paid roughly minimum wage for their actual hours of service.
- There would be significant cuts to equipment and equipment repair budgets, resulting in the longer use of older equipment ranging from turnout gear to hoses to radios.
- We would curtail all funds for the new first responder EMS service embedded within the department.
- The cap would also result in a deletion of the funds for the reserve account for the capital upgrades for the 43 year old fire station.

Public Safety - Police Department

- There would be a significant impact in the service provided by the Greenville Police Department. Although exact schedules would have to be worked out, the two full time officers would be reduced to only four 8-hour shifts per week, or a total of 32 hours each.
- The functional equivalent of one full day (24-hour period) would be eliminated from coverage by the GPD, leaving this to be covered by the Piscataquis Sheriff's Department housed 35 miles to the south.
- Part-time reserve officers would be retained, but total usage would likely shrink as the PD curtails all special details for special events in Greenville (Fourth of July, Memorial Day, International Seaplane Fly-In, Moose Hunt, Snow-Fest, Forest Heritage Days, Moose-on-the-Run 5K Road Race, etc.).
- The Piscataquis Sheriff's Department would be asked to cover these events and possibly some night-time coverage as well. This would be difficult for the PSO to accomplish as the department has only 1-2 officers on duty each night for the entire county, which is the third largest in the State of Maine.

Public Safety - Ambulance Service

- The Town of Greenville does not own or operate an ambulance service, but contributes \$12,500 each year to Charles A. Dean Memorial Hospital in Greenville, which operates a 24-hour ambulance service. These funds are used for the hospital's capital account for ambulance replacement and upgrades. Considering the financial constraints of rural hospitals across the State, especially CA Dean, the loss of these funds would likely delay the replacement and/or upgrade of their ambulances, which cover an undeveloped area the size of Rhode Island. This could increase the possibility of breakdown of the vehicles or crucial equipment on the ambulances during a call deep in the Maine woods.

Public Safety - Other

- To meet the demands of these cuts, 1/3 of all street lights in the Town of Greenville would be eliminated.

- A modest amount of money is appropriated each year for the repair and eventual replacement of the new emergency radio system in Greenville, which enables necessary communications between our regional dispatcher at the Piscataquis Sheriff's Office (PSO) and our fire department, police department, and ambulance service. This appropriation would be completely eliminated.
- Hydrants - Public Utilities Commission (PUC) rules and the Town's contract with Aqua-Maine, a private water company, prevent the Town from cutting any funds from this account.

Public Works

- This department would be cut to just 4-days operations per week, maximum.
- The three full-time Public Works operators would be reduced to just 32-hours per week, as would the one full-time Recycling Center employee.
- Two seasonal part-time Public Works positions would be eliminated, as would one part-time recycling center employee.
- The Greenville landfill is operated by a private contractor, who retains one full-time and one part-time employee. The Town would reduce the number of days which the landfill and which the recycling I open from 3 to 2.
- All capital funds for new equipment in the recycling center and the public works garage would be eliminated.
- All road improvement efforts would be curtailed, including paving and geotextile fabric for gravel road improvement. MDOT Rural Road Initiative funds would be used for paving and maintenance of roads.
- If a storm were to fall during a scheduled day off, the crew would be brought in to plow and then sent home for a day after the storm event.
- Plowing of the airport would be done as a last resort, and the total apron area opened up would be reduced.
- Professional cross-walk striping would be reverted to our spray-can powered striping machine. Safety footwear provisions in the budget for full-time employees would be curtailed.

Code Enforcement, Health & Human Services

- ALL service groups seeking donations from the Town of Greenville would have their requests denied, including the funds for CA Dean Ambulance Service.
- Only the general assistance account would be funded as required by statute.
- Our Code Enforcement Officer would be reduced to only two days per week instead of three.

Parks, Recreation, and Library

- ALL funds for recreation programs would be eliminated, and nearly all funds necessary for the maintenance of recreation facilities would be eliminated.
- The Junction Wharf, the only public boat launch in the southern end of Moosehead Lake, would be presented as is to the State of Maine. The Wharf needs significant reconstruction work estimated to cost between \$750,000 and \$1,000,000. It is doubtful the State would have funds necessary to effect these repairs; the state might be forced to close the facility.

- The library is operated by a separate Board of Trustees with fiduciary responsibility. The annual appropriation for the library used for employees and overhead would be reduced by 20%, likely reducing the work force, or possibly the hours of operation for the library. Funds for the Town's cemetery, which is also operated by a separate entity, would be eliminated.
- The remaining sources of revenue for the cemetery would likely be insufficient to keep the cemetery maintained to the extent that it is currently.

Education

- It is projected that the loss of roughly \$1.3 million from the Greenville Schools budget would result in the closure of the high school and middle school grades, as well as some of the elementary school.
- The nearest school district is 26 miles to the south; students would be tuitioned and transported to the district (MSAD #4).
- Depending upon what funds are made available by the State of Maine (e.g., funding the 55% mandate), Greenville MIGHT be able to keep the elementary school open for grades K-3.
- This impact is the most severe of any in the community from the tax cap. Greenville is a geographically isolated community. If the school closes, many professionals and workers in the community will opt to move from Greenville to live closer to their children's school. This will create a significant challenge for all employers in Greenville, making it very difficult for the community to attract new companies to locate there, or to keep our larger employers. The largest employer – Charles A. Dean Memorial Hospital and Nursing Home – will likely lose many workers as the health care professions are in great demand. It would be very easy for these employees to find employment in other areas. The loss of professionals working at the hospital, as well as the loss of population as families leave the community, could compel the hospital to downsize or close all together.
- Another impact would be the out-migration of families on state funding for education. As such funding is based upon total student enrollment, if the enrollment drops, so does funding. The "extra" funds made possible by the 55% school funding initiative would likely be lost as enrollment dropped at an exponential rate. It is very likely that within a few years, even the elementary school would close due to this phenomenon, yet the cost to the local taxpayers would not improve as the cost to transport and tuition these students would remain high or grow higher; the change would result from the loss of revenue (state funding), not the immediate increase in costs.

General Administration

- The Town Office would be closed one day per week (probably Wednesdays). There would be no Town Business conducted on this day: no registrations, no tax collection, no hunting or fishing licenses, no dump stickers or collection of fees related to the dump, no access to tax maps or real estate information, no voter registrations, no general tourist information.
- This would result in a 20% pay reduction for the Town Manager, two full-time clerks and one ½ time clerk who would go to just 16 hours per week.

Debt Service

- All current debt service would be covered in the budget, but new borrowing would likely be curtailed due to the strain that it would have on the budget.

Non Property Tax Revenue Impacts

- The Town and the schools may be forced to implement additional or higher fees in order to restore portions of their budgets.

Other

- The \$10,000 typically donated each year to the Moosehead Lake Region Chamber of Commerce would be eliminated; this would jeopardize their operation which currently consists of employing one full-time director and two part-time employees. The equivalent of a ½ position would be eliminated as a result of this revenue loss.
- The Town owns and operates three snowmobile trail groomers, and pays one worker 30-40 hours per week to operate and to maintain these groomers along with a handful of volunteer drivers. This position would be eliminated.

BUSINESS IMPACTS

Greenville is a geographically isolated community. If the school closes, many professionals and workers in the community will opt to move from Greenville to live closer to their children's school. This will create a significant challenge for all employers in Greenville, making it very difficult for the community to attract new companies, or to keep our larger employers. The largest employer – Charles A. Dean Memorial Hospital and Nursing Home – will likely lose many workers as the health care professions are in great demand; it would be very easy for these employees to find employment in other areas. The loss of professionals working at the hospital, as well as the loss of population as families leave the community, could compel the hospital to downsize or close all together. At the very least, the hospital will find it more and more difficult to find qualified employees as Greenville becomes a less desirable place to live.

Greenville's economic development program would essentially cease to exist. The airport maintenance would be pulled back to only those barest essentials required by the current agreements with the MDOT and the FAA.

BUDGET BACKGROUND

2002 Full Value Tax Rate	17.12
2004 % of Tax Commitment – Municipal	21%
2004 % of Tax Commitment – School	70%
2004 % of Tax Commitment – County	8%
Current Fiscal Year	Jul 01 04-Jun 30 05
Current Year General Fund Expenditures	\$3,961,702
Undesignated, Unreserved Fund Balance (in last completed fiscal year)	\$169,485
Undesignated, Unreserved Fund Balance as a % of Current Year Total General Fund Expenditures	4%
2004 Long-Term Debt Outstanding	\$667,733
2004 Five Largest Taxpayers	Valuation
Greenville Steam	\$3,150,000
AQUA MAINE, INC.	\$1,901,300
Central Maine Power	\$1,724,000
Goodwin, John H. Trustee	\$1,705,400
Plum Creek	\$1,602,500

Palesky Tax Cap Impact - Greenville

Budget Impacts - Greenville

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	\$245,189	\$0	\$245,189	6.3%	\$79,139	\$0	\$79,139	4.3%	\$166,050	\$0	\$166,050	8.2%
Public Safety	\$378,546	\$18,500	\$397,046	10.2%	\$66,918	\$18,500	\$85,418	4.6%	\$311,628	\$0	\$311,628	15.3%
Law Enforcement	\$122,476	\$3,000	\$125,476	3.2%	\$29,323	\$3,000	\$32,323	1.7%	\$93,153	\$0	\$93,153	4.6%
Fire	\$92,645	\$5,000	\$97,645	2.5%	\$28,495	\$5,000	\$33,495	1.8%	\$64,150	\$0	\$64,150	3.2%
Emergency Medical Services	\$0	\$10,500	\$10,500	0.3%	\$0	\$10,500	\$10,500	0.6%	\$0	\$0	\$0	0.0%
Other Public Safety	\$163,425	\$0	\$163,425	4.2%	\$9,100	\$0	\$9,100	0.5%	\$154,325	\$0	\$154,325	7.6%
Public Works	\$423,145	\$198,214	\$621,359	16.0%	\$124,601	\$173,112	\$297,713	16.1%	\$298,544	\$25,102	\$323,646	15.9%
Roads	\$198,411	\$154,612	\$353,023	9.1%	\$56,172	\$154,612	\$210,784	11.4%	\$142,239	\$0	\$142,239	7.0%
Solid Waste	\$224,734	\$43,602	\$268,336	6.9%	\$68,429	\$18,500	\$86,929	4.7%	\$156,305	\$25,102	\$181,407	8.9%
Other Public Works	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Codes, Health & Human Services	\$7,850	\$0	\$7,850	0.2%	\$3,850	\$0	\$3,850	0.2%	\$4,000	\$0	\$4,000	0.2%
Parks, Recreation, & Library	\$108,470	\$0	\$108,470	2.8%	\$62,926	\$0	\$62,926	3.4%	\$45,544	\$0	\$45,544	2.2%
Parks and Recreation	\$55,665	\$0	\$55,665	1.4%	\$52,365	\$0	\$52,365	2.8%	\$3,300	\$0	\$3,300	0.2%
Library	\$52,805	\$0	\$52,805	1.4%	\$10,561	\$0	\$10,561	0.6%	\$42,244	\$0	\$42,244	2.1%
Education (local appropriation from property taxes only)	\$2,327,000	\$0	\$2,327,000	59.9%	\$1,302,575	\$0	\$1,302,575	70.3%	\$1,024,425	\$0	\$1,024,425	50.4%
Debt Service	\$84,824	\$0	\$84,824	2.2%	\$0	\$0	\$0	0.0%	\$84,824	\$0	\$84,824	4.2%
Other (anything not included in above categories)	\$46,000	\$47,000	\$93,000	2.4%	\$21,340	\$0	\$21,340	1.2%	\$24,660	\$47,000	\$71,660	3.5%
TOTAL	\$3,621,024	\$263,714	\$3,884,738	100.0%	\$1,661,349	\$191,612	\$1,852,961	100.0%	\$1,959,675	\$72,102	\$2,031,777	100.0%

Notes:

"Other Operating" 2004 Budget Actual: (1) Airport=\$22,000. (2) Unclassified=\$24,000.

"Other Capital" 2004 Budget Actual: (1) Airport=\$47,000.

"Other Operating" 2004 Estimated Budget under Palesky Tax Cap: (1) Airport=\$14,660. (2) Unclassified=\$8,000.

"Other Capital" 2004 Estimated Budget under Palesky Tax Cap: (1) Airport=\$47,000.

Palesky Tax Cap Impact - Greenville												
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	3	1	4	3.1%	-3	3	0	0.0%	0	4	4	6.2%
Public Safety	2	33	35	27.3%	-2	0	-2	3.2%	0	33	33	50.8%
Law Enforcement	2	8	10	7.8%	-2	0	-2	3.2%	0	8	8	12.3%
Fire	0	25	25	19.5%	0	0	0	0.0%	0	25	25	38.5%
Emergency Medical Services	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Other Public Safety	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Public Works	5	5	10	7.8%	-5	0	-5	7.9%	0	5	5	7.7%
Roads	3	2	5	3.9%	-3	1	-2	3.2%	0	3	3	4.6%
Solid Waste	2	2	4	3.1%	-2	0	-2	3.2%	0	2	2	3.1%
Other Public Works	0	1	1	0.8%	0	-1	-1	1.6%	0	0	0	0.0%
Codes, Health & Human Services	0	1	1	0.8%	0	0	0	0.0%	0	1	1	1.5%
Parks, Recreation, & Library	2	13	15	11.7%	0	-13	-13	20.6%	2	0	2	3.1%
Parks and Recreation	0	10	10	7.8%	0	-10	-10	15.9%	0	0	0	0.0%
Library	2	3	5	3.9%	0	-3	-3	4.8%	2	0	2	3.1%
Education	55	5	60	46.9%	-40	-2	-42	66.7%	15	3	18	27.7%
Other (anything not included in above categories)	1	2	3	2.3%	-1	0	-1	1.6%	0	2	2	3.1%
TOTAL	68	60	128	100.0%	-51	-12	-63	100.0%	17	48	65	100.0%