

The Estimated Impact of the Palesky Tax Cap Proposal on Oakland

Prepared for:

Citizens to Reduce Local Property Taxes Statewide

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INTRODUCTION

The town of Oakland is located in Kennebec County four miles west of Waterville and approximately eighteen miles north of Augusta. It encompasses 26 square miles and has a population of 5,959. It was incorporated in 1873 originally as West Waterville and then renamed Oakland in 1883. The Town contains four major waterways: McGrath Pond, Salmon Lake, East Pond, and Messalonskee Lake and Stream. These waterways have played a major role in the history and economy of the Town. The Town is governed by a council/manager form of government and is part of SAD 47.

The impacts were estimated by the Manager, Finance Director and Department Heads and then reviewed by the Town Council. They do not represent final policy decisions by the Council. They will serve as a blueprint for potential options should the proposed Palesky tax cap pass. The Town Manager can be reached at 207-465-7357 or mroy@oaklandmaine.com.

PROPERTY TAX REVENUE IMPACT

2004 Municipal Valuation	<u>\$298,657,500</u>
Effective Date of Last Revaluation	<u>2004</u>
Assessment Ratio (02/04 ratio)	<u>0.86</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>\$298,657,500</u>
Tax Commitment with 10 Mill Cap (multiply estimated equalized 2004 valuation by .010)	<u>\$2,986,575</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>\$96,045</u>
Total Tax Commitment Allowed under Tax Cap (tax commitment with 10 mill cap plus voter approved debt service)	<u>\$3,082,620</u>
2004 Actual Total Tax Commitment	<u>\$4,987,580</u>
Estimated Property Tax Revenue Loss under Tax Cap 2004 (actual commitment minus tax commitment allowed under Palesky)	<u>\$1,904,960</u>
Estimated Property Tax Revenue Loss as % of 2004 Actual Total Tax Commitment	<u>38%</u>

SUMMARY

If the Palesky Tax Cap were to pass, the Town of Oakland would lose an estimated 38 percent of its property tax revenues. This amounts to a revenue loss of almost \$2 million. The impact of a loss of revenues of this magnitude would result in the potential loss 64 full and part time positions. Specific impacts on service areas would be as follows:

Public Safety

- Law enforcement would be reduced by 17 positions (7 full-time and 10 part-time).
- Fire would lose its only full-time position.
- Emergency Medical Services would be eliminated with the loss of all its 10 part-time employees.

Public Works

- 3 full-time positions would be eliminated from the roads department.
- All of the town's paving program would be eliminated.
- All of the solid waste positions would be eliminated as the Town would no longer offer this service.

Parks, Recreation, and Library

- All of the services would be eliminated resulting in a cut of 20 full and part time positions.

Codes, Health and Human Services

- Almost the entire budget for these services would be eliminated, and the town would only provide services legally required.

General Government

- 5 full time and 1 part time administration positions would be eliminated.

Such cuts would provide the Town of Oakland only a skeleton staff providing few of the services it does today.

BUDGET BACKGROUND

2002 Full Value Tax Rate	17.49
2004 Tax Commitment -Total	\$4,987,581
2004 Tax Commitment – Municipal	\$1,354,568
2004 Tax Commitment – School	\$3,233,645
2004 Tax Commitment – County	\$334,939
2004 Tax Commitment – Overlay	\$64,429
2004 % of Tax Commitment – Municipal	27%
2004 % of Tax Commitment – School	65%
2004 % of Tax Commitment – County	7%
Current Fiscal Year	Jul 1 2004-Jun 30 2005
Current Year General Fund Expenditures	\$3,379,685
Undesignated, Unreserved Fund Balance (in last completed fiscal year)	\$806,286
Undesignated, Unreserved Fund Balance as a % of Current Year Total General Fund Expenditures	24%
2004 Long-Term Debt Outstanding	\$1,287,000
2004 Five Largest Taxpayers	Valuation
Central Maine Power	\$3,747,500
Messalonskee Stream Hydro	\$2,820,900
Aqua Maine Inc.	\$2,141,900
Frontiervision Operating Partners	\$1,889,200
Benrard Runser	\$1,882,700

Palesky Tax Cap Impact - Oakland												
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 Budget	Operating	Capital	Total (oper.+cap.)	Category Total as % of Total Budget	Operating	Capital	Total (oper.+cap.)	Category Total as % of Total Budget
General Administration	\$475,464	\$25,000	\$500,464	14.8%	\$310,464	\$25,000	\$335,464	15.3%	\$165,000	\$0	\$165,000	13.9%
Public Safety	\$1,044,775	\$40,000	\$1,084,775	32.1%	\$471,850	\$40,000	\$511,850	23.3%	\$572,925	\$0	\$572,925	48.4%
Law Enforcement	\$618,315	\$0	\$618,315	18.3%	\$355,715	\$0	\$355,715	16.2%	\$262,600	\$0	\$262,600	22.2%
Fire	\$121,825	\$40,000	\$161,825	4.8%	\$74,325	\$40,000	\$114,325	5.2%	\$47,500	\$0	\$47,500	4.0%
Emergency Medical Services	\$27,310	\$0	\$27,310	0.8%	\$27,310	\$0	\$27,310	1.2%	\$0	\$0	\$0	0.0%
Other Public Safety	\$277,325	\$0	\$277,325	8.2%	\$14,500	\$0	\$14,500	0.7%	\$262,825	\$0	\$262,825	22.2%
Public Works	\$980,145	\$299,700	\$1,279,845	37.9%	\$655,230	\$299,700	\$954,930	43.5%	\$324,915	\$0	\$324,915	27.4%
Roads	\$480,960	\$294,700	\$775,660	23.0%	\$242,595	\$294,700	\$537,295	24.5%	\$238,365	\$0	\$238,365	20.1%
Solid Waste	\$352,410	\$5,000	\$357,410	10.6%	\$352,410	\$5,000	\$357,410	16.3%	\$0	\$0	\$0	0.0%
Other Public Works	\$146,775	\$0	\$146,775	4.3%	\$60,225	\$0	\$60,225	2.7%	\$86,550	\$0	\$86,550	7.3%
Codes, Health & Human Services	\$99,520	\$0	\$99,520	2.9%	\$89,520	\$0	\$89,520	4.1%	\$10,000	\$0	\$10,000	0.8%
Parks, Recreation, & Library	\$205,725	\$0	\$205,725	6.1%	\$205,725	\$0	\$205,725	9.4%	\$0	\$0	\$0	0.0%
Parks and Recreation	\$120,450	\$0	\$120,450	3.6%	\$120,450	\$0	\$120,450	5.5%	\$0	\$0	\$0	0.0%
Library	\$85,275	\$0	\$85,275	2.5%	\$85,275	\$0	\$85,275	3.9%	\$0	\$0	\$0	0.0%
Debt Service	\$96,045	\$0	\$96,045	2.8%	\$0	\$0	\$0	0.0%	\$96,045	\$0	\$96,045	8.1%
Other (anything not included in above categories)	\$113,315	\$0	\$113,315	3.4%	\$98,315	\$0	\$98,315	4.5%	\$15,000	\$0	\$15,000	1.3%
TOTAL	\$3,014,989	\$364,700	\$3,379,689	100.0%	\$1,831,104	\$364,700	\$2,195,804	100.0%	\$1,183,885	\$0	\$1,183,885	100.0%

Palesky Tax Cap Impact - Oakland												
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 Positions	Full Time	Part Time	Total (full+part)	Category Total as % of Total Positions	Full Time	Part Time	Total (full+part)	Category Total as % of Total Positions
General Administration	7	1	8	8.6%	-5	-1	-6	9.4%	2	0	2	6.9%
Public Safety	11	38	49	52.7%	-8	-20	-28	43.8%	3	18	21	72.4%
Law Enforcement	10	15	25	26.9%	-7	-10	-17	26.6%	3	5	8	27.6%
Fire	1	13	14	15.1%	-1	0	-1	1.6%	0	13	13	44.8%
Emergency Medical Services	0	10	10	10.8%	0	-10	-10	15.6%	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	11	5	16	17.2%	-6	-4	-10	15.6%	5	1	6	20.7%
Roads	7	0	7	7.5%	-3	0	-3	4.7%	4	0	4	13.8%
Solid Waste	3	1	4	4.3%	-3	-1	-4	6.3%	0	0	0	0.0%
Other Public Works	1	4	5	5.4%	0	-3	-3	4.7%	1	1	2	6.9%
Codes, Health & Human Services	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Parks, Recreation, & Library	2	18	20	21.5%	-2	-18	-20	31.3%	0	0	0	0.0%
Parks and Recreation	1	15	16	17.2%	-1	-15	-16	25.0%	0	0	0	0.0%
Library	1	3	4	4.3%	-1	-3	-4	6.3%	0	0	0	0.0%
Other (anything not included in above categories)	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
TOTAL	31	62	93	100.0%	-21	-43	-64	100.0%	10	19	29	100.0%