

The Estimated Impact of the Palesky Tax Cap Proposal on St. Agatha

Prepared for:

Citizens to Reduce Local Property Taxes Statewide

Prepared by:



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INTRODUCTION

The town of St. Agatha is located in Aroostook County on the northwest shore of Long Lake. It encompasses 34.9 square miles and has a population of 802. It was incorporated in 1899. The Town is governed by a council/manager form of government and is part of SAD 33.

Impacts from the proposed tax cap were estimated by the Town Manager based on a review of the current-year budget and the loss of revenue under a 10 mill cap. The Town Manager can be reached at 207-543-7305 or at townmanager@adelphia.net.

PROPERTY TAX REVENUE IMPACT

2004 Municipal Valuation	<u>\$41,052,423</u>
Effective Date of Last Revaluation	<u>1994</u>
Assessment Ratio (02/04 ratio)	<u>0.92</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>\$44,622,199</u>
Tax Commitment with 10 Mill Cap (multiply estimated equalized 2004 valuation by .010)	<u>\$446,222</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>\$27,791</u>
Total Tax Commitment Allowed under Tax Cap (tax commitment with 10 mill cap plus voter approved debt service)	<u>\$474,013</u>
2004 Actual Total Tax Commitment	<u>\$830,440</u>
Estimated Property Tax Revenue Loss under Tax Cap 2004 (actual commitment minus tax commitment allowed under Palesky)	<u>\$356,427</u>
Estimated Property Tax Revenue Loss as % of 2004 Actual Total Tax Commitment	<u>43%</u>

SUMMARY

If the Palesky Tax Cap were to pass, the Town of St. Agatha would lose an estimated 43 percent of its property tax revenues. With such a magnitude of loss revenues, the Town would need to make service cuts and implement fees to a degree that the resulting entity would barely resemble the government that exists today. Both the public safety and public works departments would potentially be cut to a point where only minimal services would be provided and fees would replace taxes for any remaining services. Furthermore, surplus revenues are not currently available to the level to save the Town as citizens currently know it. The Town currently maintains an undedicated, unreserved fund balance of around 5 percent of total General Fund expenditures. This is a level within the range recommended by the Government Finance Officers Association.

SERVICE IMPACTS

The following is a list of services that would be impacted or cuts that would be considered if the proposed tax cap were to pass:

Public Safety

- No longer have street lights.
- No longer fund ambulance coverage; citizens pay for private services; or implement an ambulance service district and charge an \$18 per person per year fee or \$43 per household per year.
- No longer fund the fire department with property taxes.
- No stipends for any fire fighter.
- Reduce the size of the volunteer force from 23 to 12 to reduce equipment and training costs.
- Disband volunteer fire department organization; create fire assessment district; implement a fee of \$30 per person per year, or \$65 per household per year.
- Defer maintenance of fire vehicles and allow equipment to become unsafe.
- No longer employ a constable.
- No longer fund maintenance for picnic area/boat landing.
- No longer provide stipend for Fire Warden or Beaver Control.
- No longer provide funding to Regional Airport Authority if legally able to do so.

Public Works

- Eliminate the majority of functions of the Public Works Department; contract for snow removal in winter.
- No more spring clean up/sand removal.
- No more brush chopping/ditch mowing.
- No more calcium spraying or road grading.
- No more paving program.
- No more salt use in winter.
- Sell all town equipment and town garage property.
- No longer fund NARIF transfer station with property tax dollars.

Human Services

- No longer provide funding to any outside agency: (St. John Valley Associates; ACAP; Soil & Water District; NMDC; Catholic Charities; Agency of Aging; Red Cross; Chamber of Commerce; Heritage Council etc.).
- No longer fund the Ste. Agathe Historical Society.
- No longer fund the Senior Citizens Lunch Program; seniors currently pay \$2.00 per meal, would increase to \$6.00 per meal without town subsidy.

Parks and Recreation

- No longer fund the St. Agatha Recreation Committee; implement a user fee for programs on average \$120 per child per year.
- Eliminate park property lease.

Community Development

- Eliminate Regional Community Development Office.
- Town will no longer seek grant funding for projects.

General Government & Town Office

- No Stipends for Board of Selectmen.
- Close Town Office two days per week.
- Eliminate Administrative Assistant position.
- Reduce Salary & Benefits of Manager and Clerk by 2/5.
- No longer provide medical insurance coverage.
- Eliminate cleaning person.
- Eliminate 1 phone line.
- Eliminate Town Website.
- No more repair or routine maintenance.
- Limited advertising of public meetings.
- Eliminate professional printing of town report.
- No training except as required by law.
- Beginning charging groups for conference room use.
- Eliminate Appreciation Day Picnic for volunteers.
- No longer offer property discounts for early paying taxpayers.

Reserve Accounts

- Town will no longer maintain a capital improvement program; will increase debt to borrow for capital projects as needed.

NON PROPERTY TAX REVENUE IMPACTS

The following is a list of fess that would potentially be implemented if the proposed tax cap were to pass:

- Create User Fee or “per bag” fee for disposal of \$240 per household per year.
- Consider ambulance service district and charge an \$18 per person per year fee or \$43 per household per year.
- Implement a fee of \$30 per person per year, or \$65 per household per year.
- No longer fund the Senior Citizens Lunch Program; seniors currently pay \$2.00 per meal, would increase to \$6.00 per meal without town subsidy.
- Implement a user fee for programs on average \$120 per child per year.

BUDGET BACKGROUND

2002 Full Value Tax Rate	17.46
2004 % of Tax Commitment – Municipal	28%
2004 % of Tax Commitment – School	65%
2004 % of Tax Commitment – County	6%
Current Fiscal Year	Feb 1 2004-Jan 31 2005
Current Year General Fund Expenditures	\$1,182,061
Undesignated, Unreserved Fund Balance (in last completed fiscal year)	\$59,254
Undesignated, Unreserved Fund Balance as a % of Current Year Total General Fund Expenditures	5%
2004 Long-Term Debt Outstanding	\$486,919
2004 Five Largest Taxpayers	Valuation
Robert Chamberland	\$1,760,000
Dan LaBrie	\$1,377,420
Montfort Heights	\$1,013,680
Ken Lerman	\$868,080
Carl Michaud	\$814,540

Palesky Tax Cap Impact - St. Agatha												
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	\$171,900	\$5,000	\$176,900	15.7%	\$26,500	\$5,000	\$31,500	8.9%	\$145,400	\$0	\$145,400	18.8%
Public Safety	\$85,200	\$12,191	\$97,391	8.6%	\$21,317	\$0	\$21,317	6.0%	\$63,883	\$12,191	\$76,074	9.8%
Law Enforcement	\$1,350	\$0	\$1,350	0.1%	\$0	\$0	\$0	0.0%	\$1,350	\$0	\$1,350	0.2%
Fire	\$23,178	\$12,191	\$35,369	3.1%	\$5,000	\$0	\$5,000	1.4%	\$18,178	\$12,191	\$30,369	3.9%
Emergency Medical Services (included under "Fire" category)	\$14,817	\$0	\$14,817	1.3%	\$14,817	\$0	\$14,817	4.2%	\$0	\$0	\$0	0.0%
Other Public Safety	\$45,855	\$0	\$45,855	4.1%	\$1,500	\$0	\$1,500	0.4%	\$44,355	\$0	\$44,355	5.7%
Public Works	\$193,977	\$25,000	\$218,977	19.4%	\$72,377	\$25,000	\$97,377	27.5%	\$121,600	\$0	\$121,600	15.7%
Roads	\$117,050	\$25,000	\$142,050	12.6%	\$0	\$25,000	\$25,000	7.1%	\$117,050	\$0	\$117,050	15.1%
Solid Waste	\$72,427	\$0	\$72,427	6.4%	\$72,427	\$0	\$72,427	20.4%	\$0	\$0	\$0	0.0%
Other Public Works	\$4,500	\$0	\$4,500	0.4%	-\$50	\$0	-\$50	0.0%	\$4,550	\$0	\$4,550	0.6%
Codes, Health & Human Services	\$16,322	\$0	\$16,322	1.4%	\$16,322	\$0	\$16,322	4.6%	\$0	\$0	\$0	0.0%
Parks, Recreation, & Library	\$6,500	\$0	\$6,500	0.6%	\$6,500	\$0	\$6,500	1.8%	\$0	\$0	\$0	0.0%
Parks and Recreation	\$6,500	\$0	\$6,500	0.6%	\$6,500	\$0	\$6,500	1.8%	\$0	\$0	\$0	0.0%
Library	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Education (local appropriation from property taxes only)	\$563,042	\$0	\$563,042	49.9%	\$178,250	\$0	\$178,250	50.3%	\$384,792	\$0	\$384,792	49.8%
Debt Service	\$27,791	\$0	\$27,791	2.5%	\$0	\$0	\$0	0.0%	\$27,791	\$0	\$27,791	3.6%
Other (anything not included in above categories)	\$17,750	\$3,000	\$20,750	1.8%	\$0	\$3,000	\$3,000	0.8%	\$17,750	\$0	\$17,750	2.3%
TOTAL	\$1,082,482	\$45,191	\$1,127,673	100.0%	\$321,266	\$33,000	\$354,266	100.0%	\$761,216	\$12,191	\$773,407	100.0%

Notes:

Other Public Safety = street light expense, social security & retirement, airport funding, beaver control, Fire Warden, Constable, Animal Control stipends

Other = Community Development

Palesky Tax Cap Impact - St. Agatha												
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	3	0	3	9.1%	-1	0	-1	6.3%	2	0	2	11.8%
Public Safety	0	24	24	72.7%	0	-12	-12	75.0%	0	12	12	70.6%
Law Enforcement	0	1	1	3.0%	0	-1	-1	6.3%	0	0	0	0.0%
Fire*	0	23	23	69.7%	0	-11	-11	68.8%	0	12	12	70.6%
Emergency Medical Services (includes Fire)	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	2	1	3	9.1%	0	-1	-1	6.3%	2	0	2	11.8%
Roads	2	1	3	9.1%	0	-1	-1	6.3%	2	0	2	11.8%
Solid Waste	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Other Public Works	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Codes, Health & Human Services	0	1	1	3.0%	0	-1	-1	6.3%	0	0	0	0.0%
Parks, Recreation, & Library	0	1	1	3.0%	0	-1	-1	6.3%	0	0	0	0.0%
Parks and Recreation	0	1	1	3.0%	0	-1	-1	6.3%	0	0	0	0.0%
Library	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Other (anything not included in above categories)	0	1	1	3.0%	0	0	0	0.0%	0	1	1	5.9%
TOTAL	5	28	33	100.0%	-1	-15	-16	100.0%	4	13	17	100.0%

Notes:

Fire = personnel listed are volunteers