

**Summary of the
Estimated Impact of the Palesky Tax Cap
on Ten Municipalities**

Prepared for:

Citizens to Reduce Local Property Taxes Statewide

Prepared by:



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

September 2004

INTRODUCTION

In November 2004, Maine voters will decide whether to adopt the “Palesky Property Tax Cap”. If passed this referendum would cap the amount of property taxes that could be raised by Maine communities at one percent of property valuation. In addition to the one percent of valuation, Maine communities would be able to raise property tax revenues to cover current year payments on debt (only that which was approved by the voters through the referendum process before 1999 or approved by at least 2/3 of the voters from 1999-2004). The Palesky proposal is modeled after Proposition 13 which was a property tax cap passed by California voters in 1978.

This report provides a summary of the impacts on ten Maine Municipalities if the tax cap were to pass. It is based on individual analyses of the ten municipalities completed by PolicyOne Research, Inc. for the Citizens to Reduce Local Property Taxes Statewide. The municipalities include:

- Alfred
- Bangor
- Calais
- Gorham
- Greenville
- Mechanic Falls
- Jay
- Oakland
- Rockland
- St. Agatha

This report as well as the individual municipal reports are available for download at:

<http://www.memun.org/resources/Public/news/pp/analysis/analysis.htm> or at:

<http://www.policyoneresearch.com/ReportsandDocuments.htm>

SUMMARY

The analysis of the impact of the proposed Palesky Tax Cap revealed that the tax cap would devastate Maine communities by resulting in significant reductions and, in many cases, complete elimination of services. Significant reductions would be required in all services including core services that Maine citizens and businesses rely on for safety, education, commerce, and basic day-to-day activities such as police, fire, emergency medical services, road maintenance, waste disposal, and code enforcement.

The main problem with the proposed cap lies in its severe restrictiveness. A property tax cap set at 1% of a community’s valuation goes well beyond controlling increases in taxes and providing tax relief, to a point where many communities would cease to exist and those that continued would only be able to provide “bare bones” services. On average, the communities included in this analysis would lose 40% of property tax revenues. The only alternatives to avoiding the impacts of such losses would be either or both severe increases in local fees and charges or state assumption of responsibility for local functions. Both of these alternatives raise much more serious concerns regarding fairness, impacts on economic growth, and citizen governance than the current system.

Municipal job losses resulting from the cap would be high. On average, the municipalities included in this analysis would have to cut their workforce by 48%. The

job losses would occur across all service categories, as cuts to so called “non-essential services” would not prove enough to make up for revenue losses.

METHODOLOGY

Data for the estimated impacts was gathered through a worksheet that was provided to the chief administrator within each municipality. A copy of the worksheet is contained in Appendix I. Using the worksheet, municipalities first calculated their loss in property tax revenue. This was based on a comparison of their current year tax commitment with a tax commitment based on a mill rate of 10.00 applied to the municipality’s equalized valuation, plus voter approved debt service.

Once the estimated loss of property tax revenue was determined, each municipality was asked to build a budget based on its current year budget and its loss of revenues. In building the budget, municipalities were asked to use common expenditure categories for purposes of the analysis. The categories are the same as those used by the Maine Municipal Association in its Annual Fiscal Survey. (These definitions are listed in Appendix I as well.) The current year budget was then compared to the budget based on the tax cap and the dollar impacts were estimated for each expenditure category.

Based on the tax cap budget, the municipalities were then asked to estimate specific impacts on service employment and service levels. In reporting employment impacts they were asked to break-out between full and part time positions. It should be noted that several of the municipalities did not estimate education service and employment impacts. Several are in a school administrative district (SAD) and could not readily estimate impacts without a full analysis of the impacts on each municipality within the school administrative district. Furthermore, SAD budgets are established in a separate process from the municipal budget. An analysis of the full education impacts were beyond the scope of this project, although education impacts were presented by those communities that were in municipal districts.

Finally, based on the tax loss and tax cap budgets municipalities were asked to provide an assessment of the potential impacts on non-property tax revenues and specific impacts on business.

In developing the estimated budget, employment, and service impacts, the municipalities were allowed to use whatever reasonable process they might use in beginning their actual budget process. Some used a formula approach in which impacts on each service area or expenditure category were based on the percent of the current budget represented by that service area or category. For example, if public safety currently represents 30 percent of the municipality’s budget, then public safety represented 30 percent of the cuts under the tax cap budget. Other municipalities developed a zero-based budget in which all amounts were stricken from the current budget and service levels added in based on estimated available revenue.

OVERVIEW OF MUNICIPALITIES

Ten municipalities were included in this analysis. These municipalities were selected by the Maine Municipal Association to provide diverse examples of the tax cap impacts in

terms of geographic location, size, service centers vs. rural communities, and current property tax levels. Table 1 lists the municipalities and background information for each.

Each municipality is located in a separate county. The municipalities range from Alfred and Gorham in the south to St. Agatha and Greenville to the north; and from Rockland and Calais in the east to Jay and Mechanic Falls in the west. Populations for municipalities included in the analysis based on the 2000 U.S. census range from a low of 802 for St. Agatha to a high of 31,474 for Bangor.

Table 1:

Background on Municipalities Included in Study					
Municipality	County	Population	Square Miles	Form of Government	School District
Alfred	York	2,497	28	selectmen/town meeting	SAD 57
Bangor	Penobscot	31,473	34	council/mayor/manager	Municipal Department
Calais	Washington	3,447	40	council/mayor/manager	Union 106
Gorham	Cumberland	14,141	50	council/manager	Municipal Department
Greenville	Piscataquis	1,623	44	selectmen/town meeting/manager	Union 60
Mechanic Falls	Androscoggin	3,138	11	council/town meeting/manager	Union 29
Jay	Franklin	4,985	50	selectmen/town meeting/manager	Municipal Department
Oakland	Kennebec	5,959	26	council/town meeting/manager	SAD #47
Rockland	Knox	7,609	15	council/mayor/manager	SAD #5
St. Agatha	Aroostook	802	35	selectmen/town meeting/manager	SAD #37

Note: Population and square miles based on 2000, U.S. Census

Budget background for each municipality is included in Table 2.

Table 2:

Budget Background					
Municipality	2002 Full Value Tax Rate	% Tax Commitment-Municipal	% Tax Commitment-School	% Tax Commitment-County	Undesignated Unreserved Fund Balance as % of Total Gen. Fund Expend.
Alfred	10.37	44%	50%	3%	22%
Bangor	22.05	42%	53%	5%	8%
Calais	24.51	41%	50%	7%	8%
Gorham	16.11	24%	72%	4%	15%
Greenville	17.12	21%	70%	8%	4%
Mechanic Falls	20.85	30%	64%	5%	27%
Jay	16.91	32%	61%	5%	23%
Oakland	17.49	27%	65%	7%	24%
Rockland	21.90	44%	50%	5%	9%
St. Agatha	17.46	28%	65%	6%	5%

Note: The Government Finance Officers Association recommends a minimum of between 5% and 15% of general fund revenues be maintained as undesignated, unreserved fund balance. Actual amounts will vary by municipality based on cash flow, expenditure, and revenue practices and needs.

Property tax rates based on the 2002 full value tax rates (the latest year for which data was available) range from a low of 10.37 mills in Alfred to a high of 24.51 in Calais. The percent of total current property tax commitment that goes to municipal services ranged

from a low of 21% in Greenville to a high of 44% in Alfred and Rockland. Finally, the municipalities varied in terms of undesignated, unreserved fund balance as a percent of total general fund expenditures, ranging from a low of 4% in Greenville to a high of 27% in Mechanic Falls. It should be noted that this range of fund balance levels is not significantly out of line with what is recommended by the Government Finance Officers Association (see Table 2 note). Therefore, contrary to claims by proponents of the tax cap, municipalities are not sitting on significant surpluses which can be used to defray the impacts of the tax cap, based on this analysis. Even if some surplus revenues can be used for such purposes, the impacts would only be marginally avoided on a one-time basis.

PROPERTY TAX REVENUE IMPACT

The property tax revenue losses resulting from the tax cap by the ten municipalities range from a low of 6% of total tax commitment in Alfred to a high of 61% in Calais. As indicated in Table 3, the average property tax loss as a percent of the current tax commitment for the ten municipalities is 40%.

Table 3:

Property Tax Revenue Impact				
Municipality	Current Year Tax Commitment	Tax Commitment Allowed w/ Cap	Revenue Loss w/Tax Cap	Revenue Loss as % of Current Commitment
Alfred	\$2,592,483	2,424,436	\$168,047	6%
Bangor	\$39,282,934	20,964,794	\$18,318,140	47%
Calais	\$3,416,326	1,328,586	\$2,087,740	61%
Gorham	\$17,719,184	12,116,050	\$5,603,134	32%
Greenville	\$3,319,428	\$1,722,387	\$1,597,040	48%
Mechanic Falls	\$2,451,786	\$1,284,083	\$1,167,703	48%
Jay	\$17,458,507	11,550,752	\$5,907,755	34%
Oakland	\$4,987,580	3,082,620	\$1,904,960	38%
Rockland	\$11,817,308	6,966,546	\$4,850,762	41%
St. Agatha	\$830,440	474,013	\$356,427	43%
			Average Loss	40%

Note: Tax commitment allowed with cap includes tax rate of 10.00 mills applied to equalized valuation plus allowable debt service.

SERVICE IMPACTS

The property tax is the only broad based tax that Maine municipalities are allowed to levy. Therefore, such a loss of revenues, on average 40% of property tax commitment for the ten municipalities, would lead to devastating cuts in services, including core services such as police, fire, rescue, and road maintenance that citizens and businesses rely on. Other services including parks, recreation, libraries, health and social services in most cases would be cut to bare minimum levels and in many cases eliminated entirely. The following is a list of specific service impacts identified by the participating municipalities grouped by service area.

Public Safety

Alfred

- Deputy hours would be eliminated.
- Fire & Rescue per diem 24 hour coverage would be cut to at least 1/2.
- Protective gear would be reduced.
- Funding to the rescue services would be cut; this would include items such as supplies.
- Cut per call amount for Fire and Rescue runs.

Bangor

- Cut 47 full-time law enforcement personnel, more than half of the current department.
- Police would no longer respond to minor incidents and property crimes.
- Traffic enforcement would be nearly non-existent.
- During busy periods, response times to emergency situations would increase.
- The School Liaison, K-9 and downtown bike patrol programs would be eliminated.
- The detective division would investigate only serious crimes against people and those where investigations are mandated by state law. The department would no longer investigate homicides, but would rely on the State Police.
- The Special Response Team and liaisons with Job Corp, Shaw House and Park Woods would be eliminated.
- Training would be drastically reduced, as would public access to personnel and records. The dispatch operations would be transferred to Penobscot County, which would be facing the demands of all other towns in the county.
- Cut 47 fire safety personnel, almost half of the current staff level for fire protection.
- Fire Stations 5 & 6 would be closed.
- Two ambulances would operate from Central Fire to maintain this service and a partial revenue stream.
- Overall response times would increase given the greater response distances that would be required.
- Fire prevention and education programs would be eliminated.

Calais

- Police, dispatch and jail would be eliminated. Instead, the city would use county services.
- Fire services would be converted to a volunteer department in the event that the county tax increased or non-tax revenues decreased.

Gorham

- Significant reductions in police personnel would result in the cuts of both the School Resource Officer positions and detective positions.
- The Communication Department would likely be reduced to 4 1/2 positions or completely eliminated; the County would perform dispatch functions.
- All street lights, except those located near critical intersections, would be eliminated.

Greenville

- 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.
- The town 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.
- There would be a significant impact in the service provided by the Greenville Police Department (GPD). 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 GPD 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 Office (PSO) 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.
- 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.
- To meet the demands of the cap, 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 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.

Jay

- The Police Department would be impacted dramatically.
- Local dispatch services would be eliminated, thus necessitating dependency on Franklin County Dispatch, a service already operating under maximum effort.
- With three and possibly four officers cut, there would only be one officer on duty at a time, requiring more dependency on the County Sheriff's Department. However, the sheriff would be under ever increasing demand by all other towns in the county. In

addition, if surrounding municipalities also reduced their law enforcement capabilities, Jay would not be able to rely on aid from these other towns.

- Both the nature of Jay's industry and large geographic area require two fire stations. In the case of the tax cap, Jay would have to close one station, reduce the force, and eliminate the capital reserve which is currently maintained for major purchases.

Mechanic Falls

- Disband the Police Department; citizens would receive State police service.
- Sell equipment and cruisers.
- Have just an appointed Fire Chief.
- Have no stipends or pay; all volunteer force.
- Sell oldest pumper truck.
- Reduce size of force to reduce equipment and training costs.
- Increase mutual aid or roll Mechanic Falls Fire Department into another department.
- Create a fire assessment district; implement a fee of \$35 per person per year, or approximately \$85 per parcel.
- Defer maintenance, thus allowing equipment to become unsafe.
- Disband the Rescue Department; citizens use private ambulance only.
- Sell equipment.
- Do away with animal control officer position; citizens would need to call the State.
- Do away with Dispatching; citizens would need to call 9-1-1; state or county must provide service.
- Do away with Emergency Management position; Council Chairperson would have to perform this duty..
- Cut all but a very few streetlights; cut about 70%.

Oakland

- 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.

Rockland

- In order maintain professional full-time police coverage, three positions would be eliminated (1 officer, Traffic Enforcement Officer, MDEA Agent and part time ACO and summer traffic officer), along with all special duty assignments.
- Full-time, career professional Fire/EMS personnel would remain intact through support from increased fees for inspection/licensing and a new non-ad valorem Fire District Service Fee and existing EMS fees.
- Dispatching is contracted through Knox County and therefore is an obligation that must be maintained. Harbormaster is self-funded through fees.

St. Agatha

- No longer have street lights.
- No longer fund ambulance coverage; citizens would 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 would be paid to fire fighters.

- Reduce the size of the volunteer force from 23 to 12 in order 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, thus allowing 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

Alfred

- 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.

Bangor

- The highway department will largely be limited to emergency response.
- Snow plowing will be reduced, leading to longer periods between the end of a storm and completion of routes. During storms, the emphasis will be on arterial streets.
- Sidewalk plowing will only be done on a time available basis.
- Sanding and salting of streets will only be done upon the completion of plowing.
- Downtown snow removal will also only be done on a time available basis.
- The General Fund contributions to street and sidewalk paving would be eliminated. Over time, additional street deterioration would result, and eventual repair costs would increase. Future paving would only be undertaken through the issuance of bonds, which would require a two-thirds vote of the public.
- Response times in the electrical division would increase, with delays in repairing streetlights and traffic signals.
- Preventative maintenance on our traffic signal system would be eliminated.
- Two-thirds of the City's streetlights would be removed, leaving minimal illumination on main arterials only.
- Garbage collection and recycling would transition to a fee-for-service system.
- Forestry would be limited to emergency responses to dangerous trees.
- Existing ornamental plantings would no longer be maintained.
- The tree planting program would be eliminated.
- Roadside spraying and mowing would no longer be performed.
- Park trail maintenance would cease.
- Customer service will be affected in all areas, resulting in longer wait time for service and an increase in citizen complaints.
- Cemetery maintenance would be reduced to minimum levels.
- The harbor would be minimally supervised.

Calais

- The four snowplowing routes would be cut to three.
- Transfer station would be open one day per week and in the event additional cuts are necessary, the station would be closed and residents and businesses would need to hire local trash haulers to take trash to PERC.
- Cemetery care would be cut back significantly, resulting in grass growing 6-8 inches high.
- Perpetual Care lots would be maintained to only minimum requirements.

Gorham

- Routine road maintenance would be reduced. The town would reduce the number of plow routes from 11 to 7.
- All road construction and paving projects would be eliminated.

Greenville

- 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 (three days to two) on which the landfill and recycling would be open.
- 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 the spray-can powered striping machine. Safety footwear provisions in the budget for full-time employees would be curtailed.

Jay

- Jay's current high level of care of roads, a service to the 1,000 workers traveling each day to the mills, would no longer be possible.
- Jay would suffer a reduction in staff as well as equipment, thus severely reducing the level of both summer and winter road maintenance. Minimum care of summer roads would result in their eventual deterioration.
- Jay would eliminate extra services currently provided to the schools.
- Jay would review the viability of the regional facility.
- The town would discontinue all curbside collection of recycling materials and trash for residents, schools, and businesses.
- The reduction of force and equipment would not allow the facility to be open its current six days per week.

- Town subsidization of the Sewer Department would revert completely to user fees, resulting in a jump from a rate of \$175 to that of \$588 per year.

Mechanic Falls

- Quality and timeliness of snow plowing would be severely reduced.
- There would be no more sidewalk clearing.
- There would be no more ball field mowing by staff.
- There would be no more spring clean up and sand removal.
- There would be no more paint striping and crosswalks.
- There would be no more roadside mowing or brush cutting.
- The town would no longer provide a tree program (cutting or planting).
- The town would no longer provide sand for the public (3 buckets / storm policy).
- There would be no more sidewalk repairs.
- The town would no longer provide a paving program.
- Cuts would include: patch, culvert replacement, ½ the sand, all salt, paint, signs, sweeping brooms.
- The town would reduce repair of vehicles.
- The town would sell one dump truck, the pick up truck, skidsteer and the bucket truck.
- Maintain only 2 F/T persons in PWD, plus four P/T persons.
- Reduce pay and benefits and eliminate uniform allowance.
- Eliminate backhoe rental fee to the Water Department.
- Provide no more training.
- Cut fuel use.
- Based on 600 stickers, fees would increase from \$5 to \$150 per household per year.
- Reduce hours at Transfer Station to one weekday and Saturday.
- Reduce staffing to 3 part-time staff.
- Eliminate replacement of solid waste equipment.

Oakland

- 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.

Rockland

- Eliminate four FT positions.
- Eliminate fall/spring clean-up.
- Eliminate snow removal in the downtown area.
- Sidewalks would be turned over to residents.
- The Town would abandon the "bare roads" policy.

St. Agatha

- Eliminate the majority of functions of the Public Works Department; contract for snow removal in winter.
- There would no longer be spring clean up/sand removal, brush chopping/ditch mowing, calcium spraying or road grading.
- The paving program would be eliminated.
- There would be no salt use in winter.

- Sell all town equipment and town garage property.
- No longer fund NARIF transfer station with property tax dollars.

Code Enforcement, Health & Human Services

Alfred

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

Bangor

- Delays would be experienced in issuing permits and performing inspections.
- Certain inspections would no longer be performed, including many that are initiated by citizen complaints.
- Restaurant inspection would end.
- Only mandated health & welfare programs such as general assistance and those that require no funding from the general fund would be maintained.
- Nursing and dental programs would be eliminated or drastically reduced.

Greenville

- 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.
- The Code Enforcement Officer would be reduced to only two days per week instead of three.

Mechanic Falls

- Heavy permit fees would be introduced.
- Use only a part-time plumbing inspector.
- Planning Board would have to do full subdivision review.
- Eliminate 1 full time and 1 part-time position.
- Eliminate Building Code.
- Eliminate Rental Housing Code.
- Eliminate Electrical Code.

Oakland

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

Rockland

- Eliminate one staff member in Code Office.
- General Assistance would be reduced to part-time staff.

St. Agatha

- 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 paying \$2.00 per meal would have to pay \$6.00 per meal due to elimination of the town subsidy.

Parks, Recreation, and Library

Alfred

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

Bangor

- Only those recreation programs that cover their costs will continue.
- Park maintenance would be reduced and frequency of mowing and other maintenance activities would decline dramatically. The public would find the level of maintenance to parks and playgrounds inadequate, resulting in numerous complaints.
- Funding for Bangor Public Library's operation would be reduced 50%.
- The Library would cut the speed of its computer connection.
- Cut all public copy machines at the library.
- Reduce hours that the library is open to the public to only 22 hours a week, compared with the current 64 hour schedule during the school year.

Calais

- These services would be no longer provided by the city.
- The buildings would be heated in the case that volunteers would use them. Athletic fields would be used on a volunteer basis.
- The city pool would be closed except for the case where a private concession could operate it at no cost to the city.
- The city would lose \$74,000 of recreation income.

Gorham

- The town would recommend the elimination of all recreation field maintenance, with users becoming responsible for maintenance; program fees would be increased.
- The Baxter Memorial Library would operate on a 3 day/week schedule; fewer books would be purchased and outreach services, such as home deliveries, to the homebound would be eliminated.

Greenville

- 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.

- 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.

Jay

- Jay would eliminate completely the five-week recreation program.
- The town's library, a popular service which is currently open six days per week, would revert to a 12 hour per week open schedule, due to a dramatic reduction in staff.
- The book budget would be cut by 40 percent.
- Custodial services would be cut by 50 percent.

Mechanic Falls

- Heavy recreation fees would be required. The only programs offered would be those that are self-supporting.
- There would be no funds for recreation.
- There would be no more improvements / repairs to ball fields or recreation facilities.
- The town would close the library and sell the library, books and assets.

Oakland

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

Rockland

- The community would totally eliminate both departments, resulting in layoffs of 3 full time and 10 part time staff in Recreation and 6 full time and 4 part time in the Library.

St. Agatha

- The town would no longer fund the St. Agatha Recreation Committee, resulting in a user fee for programs on average \$120 per child per year.
- Eliminate the park property lease.

Education

It should be noted that several of the municipalities did not estimate education service and employment impacts. Several are in a school administrative district (SAD) and could not readily estimate impacts without a full analysis of the impacts on each municipality within the district. Furthermore, SAD budgets are established in a separate process from the municipal budget. An analysis of the full education impacts were beyond the scope of this project.

Calais

- Revert to multi-aged classrooms, K-8.
- Co-curricular activities would become "pay-to-play".
- A total of 48 positions would be cut, resulting in a reduction of 40 percent of the current 121 education positions.

Greenville

- It is projected that the loss of roughly \$1.3 million from the Greenville school budget would result in the closure of the high school and middle school grades, as well as part 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 on state funding for education would be the out-migration of families. 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.

Jay

- 35 teaching positions would be eliminated, including all levels of art, physical education, gifted and talented, health, computer, and world languages.
- The superintendent position would be reduced to 2 1/2 days per week.
- Five administrative positions would be eliminated.
- Three secretarial positions would be eliminated.
- 1/2 nurse position would be eliminated.
- Two ed tech positions would be eliminated.
- Three custodian/bus driver positions would be eliminated.
- All food service workers would be eliminated.
- There would be no sports or co-curricular activities except "pay for play".
- There would be no sports or co-curricular bussing.
- Adult education would be eliminated.
- Class size would increase to 25 or greater.
- Course offerings would decrease.
- There would be only single bus runs.
- There would be no transportation for high school students.
- There would be no availability of school buildings after hours.
- Building heat would be reduced after three pm.

- There would be only emergency lighting in the schools after hours.
- The alternative program would be eliminated.
- There would be no in-service.
- The hot lunch program would be replaced by vending machines.

Mechanic Falls

- Five classroom teachers would be eliminated.
- Specialists would be eliminated including:
 - Cuts to social work and guidance
 - Health and technology would no longer be offered to students in grades 7 & 8
 - Elimination of one computer teacher and computer repair and maintenance
 - Elimination of one more specialist (either art, music, or physical education)
- Eliminate one ed tech for grades 7 & 8.
- The reduction in classroom teachers and specialists would make it impossible to meet the Maine Learning Results Standards. It would be impossible to maintain solid MEA scores. Declining MEA and Local Assessment scores would result in federal sanctions.
- Fewer staff would be available to meet the needs of special education students. A cut of this magnitude would likely result in non-compliance with Maine law (20-A M.R.S.A. Chapters 301 and 303) that entitles all school-aged students with disabilities to an equal opportunity, appropriate public education.
- Legal action by parents would likely follow.
- All co-curricular stipends would be cut.
- Basketball, soccer, baseball, softball, cheering, yearbook, floor hockey, and events requiring the presence of the music director would be eliminated.
- Coverage by the nurse's office would be reduced from 5-day-per-week coverage.
- The medical ed tech would be eliminated.
- Medications would be dispensed by staff other than the school nurse.
- There would be no place for sick students to wait for a ride home.
- The library ed tech would be eliminated
- Teachers would be required to supervise their classes in the library, resulting in a loss of classroom planning time.
- There would be no one with the responsibility for ordering materials and overseeing library operations.
- Budget for legal fees would be significantly reduced.
- Funds available for the audit would be reduced.
- Elimination of the assistant principal would result in the loss of:
 - Athletic director function.
 - 8th grade trip and fundraisers.
 - Teacher supervision/evaluation.
- Two-part-time office clerks would be eliminated.
- Office supplies, postage, advertising, and photocopier use would be significantly reduced.
- One full-time custodian would be eliminated and one reduced to part-time. This would significantly reduce building and grounds maintenance.
- Fields, typically used throughout the summer, would not be mowed.
- All capital improvement projects would be frozen.
- No funds would be available for overtime, substitutes, and summer custodial support.

- Significant reductions in utilities, heating oil, and electricity would require the building to be closed during non-school hours. The gym would not be available to adults or children. Elm Street School would no longer be used as a community center as evening and weekend use would not be possible.
- A bus driver would be eliminated.
- Some students would be required to arrive earlier and remain later as routes are reduced. This would create a supervision problem as staff would be less available for this function.
- Co-curricular and field trips would be eliminated.
- Bus maintenance and repairs would be reduced.
- Use of public works and police for assistance and maintenance at schools would be reduced leading to potential safety problems.

General Administration

Alfred

- Cut 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.

Bangor

- Customer service will be affected in all areas resulting in additional waiting for service and citizen complaints.
- All non-essential expenses, including travel, publications, training, supplies and services will be reduced.
- Web site and government channel operation and maintenance would be at minimum levels.
- Fleet replacement funding would be eliminated.
- BAT, Bangor's public transportation service will be eliminated.
- Staff would no longer provide support/expertise to outside agencies.
- Citywide safety funding would be eliminated.
- Maintenance and cleaning of facilities would be reduced to a minimum.
- Commercial insurance coverage would be eliminated, leaving the City self-insured.
- The City's marketing program would be eliminated, as well as funding for general economic development efforts.

Calais

- This area would be cut from six employees to four.
- The city building would close 2-3 days a week in order to allow staff to perform other duties.
- An electronic payment system may be implemented.
- The City Manager position may be cut in the future and replaced by a shared management consultant.
- An employee health insurance match would be required.

Gorham

- The municipal office would be open 3-4 days per week rather than 5 days.

Greenville

- 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.

Jay

- Jay's town office, now open 43 hours per week, would be open 32 hours per week.
- Overtime would be eliminated and salaries would be frozen.
- Closing time would revert from 5pm to 4pm.
- Summer help would be eliminated, thus impacting building and grounds upkeep, including the customary care to cemeteries.
- The custodian's overtime would be eliminated, thus requiring fees from parties using the municipal building in off-hours.
- Professional services such as legal fees, dues, and auditing services would be cut back dramatically.

Mechanic Falls

- There would be no pay or training for any board or council member.
- There would be no Planning Board secretary.
- Use MMA legal/internet research; there would be almost no legal consultation. This would increase chances of litigation/lawsuits.
- Provide no custodian at town hall.
- Cut down to one phone line.
- Maintain a 60-65 degree temperature in the town office.
- There would be no cell phones.
- Use of the gym would be totally fee-based.
- There would be no routine repairs to town office or other facilities.
- There would be no more town office renovation.
- Reduce town office hours.
- All public notices would be hand-placed only, no ads.
- Voting tabulations would be done by hand/volunteers.
- There would be no P.O. Box rental.
- The town would drastically cut back on supplies and postage.
- There would be no computer upgrades.
- The town would reduce staff to 2 full-time and 2 part-time staff only, reduce pay and benefits, eliminate overtime and travel reimbursement, and eliminate the cell phone.
- There would be no training except as statutorily required – MMA Conf and MTCCA.
- Quality of assessments / fairness in taxation would diminish; there would be only locally performed revaluations.
- Do local assessing only, selectmen.
- Self-administer mapping splits on paper only.
- Self-administer tax billing.

- Apply the very strictest welfare laws (done by Council).
- Reduce property covered by insurance or increase deductible.
- Cut public officials' liability or increase deductible.
- Cut safety program.
- Cut all medical insurance coverage.
- Cut all retirement.
- Re-bid and reduce auditing costs; maybe have the State do it.
- Do away with the contingency account.
- Pay debt service bills as required out of the 10 mils.
- Pay County tax as required from the 10 mils.

Oakland

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

Rockland

- With the exception of insurance, all would receive a 30% reduction in appropriation.

St. Agatha

- Stipends for Board of Selectmen would be eliminated.
- 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 the town website.
- No longer provide repair or routine maintenance.
- Limit advertising of public meetings.
- Eliminate professional printing of town report.
- Provide no training except as required by law.
- Begin charging groups for conference room use.
- Eliminate Appreciation Day Picnic for volunteers.
- No longer offer property discounts for early-paying taxpayers.
- Eliminate Regional Community Development Office.

BUSINESS IMPACTS

Bangor

- The reductions in fire services would likely cause a decrease in the City's ISO rating, thus causing businesses to suffer an increase in insurance rates.
- The City would potentially lose its delegated authority from DEP to approve certain projects under State law, resulting in delays to developers.
- With reduced staffing and maintenance levels, it will be difficult to attract new development to the area.
- In addition, the negative impact on businesses in Bangor would be further exacerbated since the City, with its current \$73,000,000 budget, has a significant economic multiplier effect within the community.
- Service to existing businesses will decline, as it would for residents, as noted in the previous sections of this paper.

- There would be a longer wait or no response to police calls that are deemed minor.
- Longer delays in street plowing may require more frequent business closings.
- Downtown snow removal will be done on a time available basis, impacting downtown businesses.

Gorham

- Sidewalks in the business district that are currently cleared of snow will likely not be cleared as quickly, and in some cases, may not be cleared at all.
- Longer plow routes on public roads will likely lead to more accidents and delays in transportation of goods.

Greenville

- 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 the 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.

Jay

- Jay would no longer provide curbside pickup of trash and recycling materials.
- Jay's inability to respond quickly to road clearing during storms would affect job absenteeism.
- Businesses may need to provide private security since the town would not be able to provide immediate response to law enforcement issues.
- Businesses may have to pay higher premiums for insurance following the town's inevitable reduction in fire response capabilities.
- Newspapers will suffer losses in advertising and revenues as the town's workforce and services are reduced.

Mechanic Falls

- Crime (break-ins, robbery, theft, vandalism) would increase.
- There would be higher levels of truancy and more teens would hang around in the downtown.
- Parking spots would not be cleared until well after winter storms.
- There would be no enforcement of “no parking” regulations.
- Sidewalk clearing would be the responsibility of each business.
- Roads to businesses would fall into disrepair.
- The value of business properties (like residential properties) would be expected to drop rather dramatically.

- As a result of municipal and school layoffs and decreased municipal and school spending, the town would expect sales to drop off at the following businesses:
 - convenience stores, grocery stores, restaurants, pizzerias, pharmacies, hardware stores, oil and gas dealers, paving / striping companies / crack filling companies, dealers of police cars, fire trucks, rescue vehicles, trucks/dump trucks/plowing equipment/truck bodies, suppliers of paint/signs/seed/gravel/sand/salt/loam/safety gear, insurance and/or training companies, and office supply companies.

NON-PROPERTY TAX REVENUE IMPACTS

Alfred

- 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: Alfred would implement fees for assessing information to real estate agents and others; there would be an increase in copier fees to the general public.
- Public Safety: Alfred would consider implementing fees for Emergency Services, Rescue and Fire.

Bangor

- Garbage and recycling collection would be on a fee for service basis.
- Fee increases would be required for all recreation programs that remain.
- All other fees will be reviewed to determine if they can be increased and other new fees will be explored.
- There will be several areas in which the City would not be able to produce as much non-tax revenue due to the reduction in the workforce and the consequent cut in services. For example, ambulance fees are estimated to drop 50 percent.

Calais

- Ambulance fee would be added.
- School co-curricular fees would be added.
- Recreational service fees would no longer be used to offset the city budget.
- The city would stand the possibility of losing its highway stipend if it could no longer perform the required work.
- Transfer station fees would likely increase.

Gorham

- Gorham would increase user fees wherever possible, requiring the user to pay 100% of the cost of the service.
- Gorham may actually lose revenue from non-property taxes if the town is forced to eliminate positions in Code Enforcement and/or Rescue departments.

Jay

- Sewer usage would be fee-based.
- Jay would require pay-per-bag at the transfer station.
- Fees for licenses would increase.

- There could possibly be a fee-for-response in the case of fire emergencies.
- Many school programs would be funded by fees (see "Service Impacts - Education").

Mechanic Falls

- Fees for any and all permits would have to be dramatically increased including building permit, plumbing, electrical, planning board (home occupation, conditional use, subdivision, etc.), driveway permits, victualer's licenses, liquor licenses, faxing fees, photocopying fees, etc.
- Any recreation that was offered would have to be funded solely on fees. The \$6,000 municipal subsidy would have to be made up in fees by participants.
- The town would seek to create a special assessment district for fire service, and would probably charge about \$85 per parcel.
- The town would implement a much-increased fee to go with the sticker system for use of the landfill and transfer station. In fact, the town may even make it revenue creating to help pay for plowing. The town would anticipate annual stickers to cost about \$150.00 per year (\$3 / week is less than charge by private haulers.) There would also be fees for everything that went in the landfill.
- The town would seek to rent out the town office as much as possible, perhaps to fund a part-time janitor.

Rockland

The following are current fees for which increases would be considered:

- Building Permits
- Parking fines
- Harbor and Waterfront fees
- Special Event fees

The following fees would also be considered:

- Solid Waste: Pay-As-You-Throw, landfill tipping fees.
- Fire District: fee based on "fire risk" - consider such factors such as square footage, occupancy (use), construction type, etc.
- Fire Hydrant: perhaps included with fire district or stand-alone.
- Street Light: fee assessed on front foot basis.
- Public Works: front foot assessment or based on parcel size.

St. Agatha

- 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.

EMPLOYMENT IMPACTS

If the tax cap were to pass, in order to pass balanced budgets municipalities would need to make major reductions in staff. On average, the municipal workforce, excluding schools, for the ten municipalities would need to be reduced by 48%. While the non-emergency or non-critical services would take the largest percentage cuts (parks, library,

and recreation services for which staff would be reduced on average by 82%), emergency and critical services would also experience significant staff reductions. On average, public safety services would need to be reduced by 41% and public works by 44%. Table 4 contains detailed statistics on the employment impacts summarized for the ten municipalities included in this analysis.

Table 4:

Employment Impacts - Summary for all Ten Towns									
Service Category	2004 # of Positions (Actual)			Estimated Position Cuts under Palesky Tax Cap			% Change in Positions		
	Full Time	Part Time	Total (full+part)	Full Time	Part Time	Total (full+part)	Full Time	Part Time	Total (full+part)
	General Administration	128	78	206	-56	-39	-95	-43.8%	-50.0%
Public Safety	312	262	574	-142	-94	-236	-45.5%	-35.9%	-41.1%
Public Works	169	47	216	-67	-27	-94	-39.6%	-57.4%	-43.5%
Codes, Health & Human	30	12	42	-14	-6	-20	-46.7%	-50.0%	-47.6%
Parks, Recreation, & Library	40	163	203	-27	-141	-168	-67.5%	-86.5%	-82.8%
Other	12	45	57	-5	-9	-14	-41.7%	-20.0%	-24.6%
TOTAL	691	607	1,298	-311	-316	-627	-45.0%	-52.1%	-48.3%

OTHER IMPACTS

Municipalities participating in this project were asked to identify other impacts that would occur as a result of the tax cap. The City of Rockland best stated some of these “other” impacts. They include:

Bond/Credit Ratings

From time to time, all municipalities borrow money and incur long-term debt to fund large capital projects. The tax cap stands to hamper our ability to receive favorable bond ratings, which in turn results in higher interest rates. In a typical long-term borrowing scenario, a municipality pledges “its faith and credit”; however with a tax cap, our ability to raise money through taxation is limited. This will translate into higher rates. This is particularly important in that the post tax cap environment will require more long-term borrowing as sufficient funds will not be available through the annual budget process.

Homeowners Insurance Costs

Any reduction or alteration of Police and Fire services will result in higher homeowner’s insurance costs. It is impossible to calculate the increase in comparison to savings from property taxes, but certainly there will be some shift in costs.

Tax Deductions

The tax cap will result in a shift from property taxes to user or services fees to support municipal services. With this transition, property owners will lose the ability to deduct property taxes from state and federal income taxes.

Appendix I:

**PALESKY TAX CAP IMPACT -
MUNICIPAL PROFILE WORKSHEET**

The following worksheet is designed to provide the Maine Municipal Association (MMA) with information on the potential impacts of the proposed Palesky property tax cap on municipalities. This analysis is being completed for the MMA by PolicyOne Research Inc. of Portland, Maine. For questions or information on this datasheet and the Tax Cap Impact Project contact:

Jim Damicis or A. Mavourneen Thompson
PolicyOne Research Inc.
19 Commercial Street
Portland, Maine 04101
Phone: 207-756-8585 Fax: 207-756-8586
Email: info@policyoneresearch.com Web: www.policyoneresearch.com

I. CONTACT INFORMATION

- (a). Municipality _____
- (b). County _____
- (c). School District _____
- (d). Population (most current) _____
- (e). Contact Person Name _____
- (f). Contact Person Title/Position _____
- (g). Contact Person Phone _____
- (h). Contact Person Email _____

II. ESTIMATED PROPERTY TAX REVENUE IMPACT

- (a). 2004 Municipal Valuation _____
- (b). Effective date of last revaluation _____
- (c). Assessment Ratio (02/04 ratio) _____
- (d). Estimated Equalized 2004 Valuation
(Divide 2004 municipal valuation (a), by assessment ratio (c),
unless revaluation became effective within last 2 years (b),
then use actual municipal valuation) _____

(e). Tax Commitment with 10 mill cap
(Multiply estimated equalized 2004 Valuation, (d),
by .010) _____

(f). 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) _____

(g). Total Tax Commitment allowed under Tax Cap
(add (e) plus (f)) _____

(h). 2004 Actual Total Tax Commitment _____

(i). Estimated Property Tax Revenue Loss under Tax Cap
(subtract (g) from (h)) _____

III. BUDGET BACKGROUND

(a). 2004 Tax Commitment Breakout

(a1). 2004 Tax Commitment – Municipal _____

(a2). 2004 Tax Commitment – School _____

(a3). 2004 Tax Commitment – County _____

(a4). 2004 Tax Commitment – Overlay _____

(b). 2004 Total General Fund Expenditures _____

(c). 2003 Undesignated, Unreserved Fund Balance _____

(d). 2003 Undesignated, Unreserved Fund Balance
as a % of 2004 Total General Fund Expenditures
(divide (c) by (b), then multiply by 100) _____

(e). 2004 Long-Term Debt Outstanding _____

(f). 2004 Five Largest Taxpayers (indicate entity
name as well as 2004 municipal valuation) _____

IV. BUDGET AND EMPLOYMENT IMPACTS

Use table IV.(a). to provide data on your actual 2004 budget compared to your estimated budget under the Palesky tax cap. Break out between operating and capital if possible. The impacts should reflect the loss of property tax revenues calculated in II(i) above. Definitions for each budget category are attached.

Table IV.(a). Budget Impacts (indicate \$ amounts)						
Expenditure Category (see definitions sheet)	2004 Budget (Actual)		Budget Cuts under Palesky Tax Cap		2004 Budget under Palesky Tax Cap	
	Operating	Capital	Operating	Capital	Operating	Capital
General Administration						
Public Safety						
Law Enforcement						
Fire						
Emergency Medical Services						
Other Public Safety						
Public Works						
Roads						
Solid Waste						
Other Public Works						
Codes, Health & Human Services						
Parks, Recreation, & Library						
Parks and Recreation						
Library						
Education (local appropriation from property taxes only)						
Debt Service						
Other (anything not included in above categories, please describe)						

Use table IV.(b). to provide data on your actual 2004 employment compared to your estimated employment under the Palesky tax cap. Break out between full and part time based on your own designation. Definitions for each budget category are attached.

Table IV.(b). Employment Impacts – indicate employment (# of positions)				
Service Category (see definitions sheet)	2004 # of Positions (actual)		Estimated 2004 # of Positions under Palesky tax Cap	
	Full Time	Part Time	Full Time	Part Time
General Administration				
Public Safety				
Law Enforcement				
Fire				
Emergency Medical Services				
Other Public Safety				
Public Works				
Roads				
Solid Waste				
Other Public Works				
Codes, Health & Human Services				
Parks, Recreation, & Library				
Parks and Recreation				
Library				
Education (for municipal school systems)				
Other (anything not included in above categories, please describe)				

V. SERVICE IMPACT DESCRIPTION

For any of the significant impacts provided in the previous tables, provide a narrative description/explanation of the **service** impacts within each category. Use as much space as needed by inserting text or attaching separate narrative sheets.

- (a). General Administration
- (b). Public Safety
- (c). Public Works
- (d). Codes, Health & Human Services
- (e). Parks, Recreation, & Library
- (f). Education
- (g). Debt Service

(h). Other (anything not included in above categories, please describe)

VI. NON-PROPERTY TAX REVENUE IMPACTS

Describe potential changes in non-property tax revenues resulting from passage of the tax cap and resulting loss in property tax revenue. Be as specific as possible and specify whether changes would “likely” or “possibly” occur based on your best estimate.

(a). Fees & Charges for Services

(b). Other Non-property Tax Revenue Impacts (explain)

VII. COMMENTS ON IMPACTS ON BUSINESSES WITHIN COMMUNITY

Provide any comments on how the passage of the tax cap and resulting impacts would potentially impact businesses within your community. Be as specific as possible. Insert text below or provide attachments to take as much space as needed.

VIII. PROCESS FOR ESTIMATING IMPACTS

Describe the process by which estimates regarding impacts for this worksheet were derived. For example explain if they were developed through use of an advisory committee, the Council/Selectmen, the manager, etc.... Insert text below or provide attachments to take as much space as needed.

IX. ALL OTHER COMMENTS

Provide any other comments regarding the potential impact of passage of the tax cap on your community. Insert text below or provide attachments to take as much space as needed.

Variable Definitions

II. ESTIMATED PROPERTY TAX REVENUE IMPACT

- (a). **2004 Municipal Valuation** – based on April 1, 2004.
- (b). **Effective date of last revaluation** – the date that your last revaluation became effective (was used as your official municipal valuation).
- (c). **Assessment Ratio (02/04 ratio)** – this data is provided for you by MMA.
- (f). **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.
- (h). **2004 Actual Total Tax Commitment** – 2004 tax year, dollars to be raised from the property tax.

III. BUDGET BACKGROUND

- (a). **2004 Tax Commitment Breakout**– based on April 1, 2004 commitment broken-out by municipal, school, county, and overlay components.
- (b). **2004 Total General Fund Expenditures** - Include gross budget expenditures. With respect to the education budget, include only the local (property tax) appropriation. Do not include expenditures from enterprise funds, trust funds or other special funds.
- (c). **2003 Undesignated, Unreserved Fund Balance** – audited or un-audited most recently completed fiscal year include any fund balance that is not reserved for encumbrances, legally restricted or designated for future expenditures.
- (e). **2004 Long-Term Debt Outstanding** – include debt that is to be paid back over a period greater than one year. Please include all debt for municipal school systems but not for SAD's or CSD's.

IV. BUDGET AND EMPLOYMENT IMPACTS; V. SERVICE IMPACT DESCRIPTION

The following are descriptions of the expenditure, employment and service categories:

General Administration – includes administrative staff and officials (e.g., selectmen, councilors, manager, assessor, clerk, tax collector, treasurer and finance, planning, economic development, etc.); municipal buildings maintenance and operations; office equipment and supplies; computers; professional and association memberships; legal services; and insurances including public officials' liability, property and casualty.

Public Safety – includes law enforcement; streetlights; fire; hydrants; emergency medical services; animal control; harbormaster; emergency preparedness; civil defense; and dispatching.

Public Works – includes roads; solid waste & recycling; water and sewer; and cemeteries.

Codes, Health, and Human Services – includes code enforcement, general assistance; municipally funded social service programs; and social service agency contributions

Parks, Recreation, and Library – includes park maintenance; recreation programs; community service programs; special events and celebrations; snowmobile trails; and non-school libraries.

Education – include local appropriations (property tax) expenditures only.

Debt Service – total expenditures to retire debt for the fiscal year, including principal and interest.

Other – includes any items not listed in the above categories.

Employment Positions – in reporting full vs. part full time positions use your own designation (how you classify them for your own municipality).

ABOUT POLICYONE RESEARCH, INC.

PolicyOne Research, Inc. of Portland, Maine is owned by Jim Damicis and A. Mavourneen Thompson. Damicis and Thompson each have over 15 years' experience in public policy research and analysis. PolicyOne leverages the principals' broad experience in core research and analysis techniques to provide clients with a full range of services within the areas of economic and community development, education policy, science and technology policy, program and service evaluation, state and local fiscal analysis, demographic analysis, survey design and analysis, and research and analysis to support advocacy.

For further information contact:

Jim Damicis & A. Mavourneen Thompson
19 Commercial Street
Portland, Maine 04010
207-756-8585
www.policyoneresearch.com