

Councilor's Corner Article: "How Are Your Tax Dollars Spent?"

Fellow Citizens, Neighbors and Friends,

Mainers have long been associated with traditional Yankee values of ingenuity, thrift, and common sense. In this spirit I thought it might be helpful to delve into some aspects about the budget and taxes. This year is both atypical and typical for the Scarborough budget. We have faced and will continue to face daunting challenges from the COVID-19 crisis including many municipal and school operational changes. There are ongoing threats to our health and economic security with business closures and cutbacks and record unemployment rates. Other issues are more familiar which we face year after year. They include sources and levels of revenues (state revenues, excise taxes, permits, etc.) and how to balance our spending for schools and town needs.

As of June 9, 2020, the Council is looking at an overall budget with an estimated 1.16% mil rate increase. Please note work is still being done and the final budget will be voted on by Town Council at second reading on June 24th. Here are where things stand for FY21 as compared to FY20. [The Total Tax Rate Computation sheet can be found here](#) on page 9.

- Municipal spending increase of 1%
- School spending increase of 3.3% (not including nutrition and adult learning)
- Net municipal decrease of -0.6% after applying non-property tax revenues and contingency fund balance
- Net school increase of +1.8% after applying state school share, revenues, and contingency fund balance
- New town borrowing of \$4,095,000 / \$10,000 to be paid in FY21
- New school borrowing of \$2,769,212 / \$618,015 to be paid in FY21

For those who want the budget lower, it may be important to know that non-property tax revenue overall will be down due to the COVID crisis and the economic fallout. Exactly how much is unknown at this time, but all municipalities are factoring in revenue reductions which have a large bottom line impact on mil rate. Without expected revenue reductions, we would be looking at a mil rate decrease as of the June 9 budget review.

For those who want the budget higher, it may be important to know the median tax increase due to the town wide revaluation was over 11% for Scarborough home owners in 2019 and more than 60% percent of Scarborough residents saw their taxes increase by at least 10%, and many by 20%, 30%, or even more in one fell swoop. The reval tax increases largely fell on property values at the lower end of the range, and businesses were also affected greatly. Let's look at one actual example of many:

- Approx 1260 Sq ft home built in late 70's
- 8 acres land

- Old tax bill: \$2,721
- Reval tax bill: \$4,078
- Tax Increase \$1,357, 50% increase

We can debate all day long about the quality and fairness of the reval, but we handed the majority of homeowners large tax increases less than a year ago. In the current economic crisis, saying tax bills may go down by a few dollars due to a Homestead exemption which is not guaranteed may bring little to no comfort. And as many residents have pointed out, the Homestead exemption is specifically funded to reduce their property tax burden.

So what does the Tax Rate Comp sheet from June 9 mean in dollars for a taxpayer whose home is valued at \$430,000 with a \$25,000 homestead exemption for an adjusted value of \$405,000? In round numbers, here's where dollars would go to pay for the net budget (gross budget less revenues):

Total property tax bill about \$6023

\$4,157	(School / Adult Ed / Nutrition + existing debt) LESS (revenues + applied contingency fund balance + state school share) (\$4742-\$585)
\$1,664	(Municipal Services + existing debt) LESS (revenues + applied contingency fund balance) (\$3146-\$1482)
\$292	County services and tax abatement fund
\$125	Town TIF and Credit Enhancement payments to third parties
\$53	New School debt to be paid in FY21
\$17	Scarborough Senior Property Tax Relief
\$1	New Municipal debt to be paid in FY21
-\$286	Reduction for other state revenues based on best estimates
-	New borrowing to be paid over time in future years

It's a very tricky business for us to decide as a town what our priorities should be and what our true essentials are in terms of services. We have strong schools, beautiful world-class natural resources, and a character of our neighborhoods and people which values both tradition and

uniqueness. We are home to folks who have been here for generations and who may be new to both our country and town. We are an economically diverse community.

We receive comments and questions from all corners of the town and political persuasions. Emotions run high and we often hear strong opinions voiced in very difficult discussions. We face challenging issues and choices which cannot be reconciled or solved easily. This is no one person's fault or responsibility or ability to resolve alone. Yet we must somehow work together to solve them.

I assure you that we are doing our best during the budget process to listen carefully to you, and to consider fully the needs of all of our citizens and to represent your interests fairly as a whole.

Many thanks,

Don Hamill