



TOWN OF WINSLOW, MAINE

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Date: March 11, 2013

To: State of Maine Legislature

Subject: Biennial State Budget Concerns

From: Winslow Town Council

The Winslow Town Council would like to offer the following for your consideration in crafting the State Biennial Budget for FY 2014-15.

Winslow is a relatively small town in Kennebec County with a population of approximately 7,800 residents. Over the last 20 years our population has actually decreased. Since 1980, our median age has increased from 31 to 42 as our population has aged. Our taxable valuation base has grown at a rate of about 1% per year. Winslow's 2010 Full Value Tax rate was 4th highest in Kennebec County. Winslow has been able to control expenditures so that the mil rate has been stable since 2008.

We understand that there are state budget proposals before the Legislature that would terminate municipal revenue sharing for two years, alter commercial excise tax distribution, and shift teacher retirement costs to the local level. While we understand the significant challenges state government faces in balancing the next budget, we believe that removing these historic revenue sources from local finances as well as shifting additional costs to local responsibility will have very serious consequences to the people of Winslow and the state as a whole.

Our review indicates that these state budget proposals will remove at least \$700,000 annually from state revenue sharing and commercial excise tax revenue as well as shift \$200,000 to local expenditures for teacher retirement. The combined impact is equivalent to a 1.6 mil rate impact. While there is always opportunity to reduce local expenditures to offset the loss in revenue and mitigate the impact on property taxes, our options are limited.

The municipal portion of our local expenditures have been actually decreasing the last few years as we work to control costs and implement efficiencies. Our proposed municipal budget for 2013-14 is approximately 6 % less than in 2009-10. If we were to totally adsorb the \$700,000 in lost state revenue sharing and excise tax diversion, we would need to reduce municipal expenditures by nearly 11%. This amount is equivalent to our total allocations for our Police Dept. Of course we could simply stop whole department activities such as trash collection and shift this to a resident private pay responsibility. While this would allow us to "balance" our budget by cost-shifting, the

net effect is that Winslow taxpayers would be paying more for less and their financial burden is increased without a choice.

Another important factor is the Education cost impact. Winslow's proposed 2013-14 budget is more than \$1 million less than in 2009-10. Shifting another \$200,000 in teacher retirement costs to local sources will simply force a greater property tax burden and/or reduced education opportunities. As you may know, Winslow has combined with Waterville and Vassalboro for school administration consolidation per the past Legislature's direction. While it is hoped that school administration savings have been realized, requiring local property taxpayers to absorb another significant cost or choose to reduce classroom resources is an unrealistic challenge at this time.

While often not visible, the County tax requirement has increased significantly in the last ten years. The forecasted 2013-14 County Tax burden for Winslow property taxpayers is \$591,000 as compared to a \$411,000 costs in 2003-04. In ten years, Winslow's county tax burden has increased by 44%. While it was hoped "Jail Consolidation" was going to at least slow County expenditure increases, results to date do not indicate any appreciable cost containment or easing of the local County Tax burden.

Another important matter is timing. Winslow is just beginning the 2013-14 budget review with a schedule that calls for the first reading of the Budget by April 8 and finalization by May 13. The current uncertainty of revenue sharing, excise tax redistribution, and shifting of teacher retirement expenses to the local level with a possible impact of \$900,000 to local taxpayers places the Council in a "Sophie's Choice" position....do we speculatively raise property taxes and make significant local spending cuts without knowing the Legislature's decision on these unprecedented funding and expense proposals.

As we are sure you realize, property taxes are the only revenue source that local government has control over to meet the expenditure needs. We would ask the Legislature to fully consider the implications if they decide to eliminate revenue sharing, re-allocate excise tax, and shift teacher retirement to local taxpayers. The impact of the Legislature's decision will be immediate and significant. We would ask that you recognize that revenue redistribution and cost-shifting has never proven to be a successful and sustainable means to balance budgets either at the state or local levels.

Thank you for your consideration.
Winslow Town Council

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