

Dear Folks,

MMA has just provided us a spreadsheet estimating revenue sharing cuts.

The Town of Cape Elizabeth budgeted revenue from Maine State Revenue Sharing this year in the amount of \$614,000.

The projection from the Maine Bureau of Revenue Services for this year had been \$691,587 but we assumed that the State would need to revise its revenue estimates and thus revenue sharing would similarly decline.

The State now estimates that we will receive \$622,087 as a result of the "natural reduction" in State revenues. Our estimate was very close.

In addition, Governor Baldacci proposed last Friday a cut in revenue sharing beyond the fair share of revenue reductions that comes about through the "natural reduction."

The cut proposed by Governor Baldacci that will need to be approved by the Maine Legislature impacts Cape Elizabeth \$ 74,436.

The total impact of the revenue sharing natural reduction and the Governor proposed cut is \$143,936.

The direct hit on the municipal budget is \$66,349. (\$614,000 less the \$547,651 now estimated.)

The amount now scheduled to be received if the legislature agrees with the Governor is \$119,587 less than in FY 2009 or 17.8%

The amount now scheduled to be received is \$192,543 less than in FY 2008 or 26%.

The amount now scheduled to be received equates closest to the amount received in FY 1996.

In FY 1996, Maine transferred \$72.7 million in revenue sharing payments. The amount proposed for FY 2010 is now \$ 88.8 million or an increase of 18%. Cape Elizabeth's increase over this period is one percent. The CPI-U increase during this period is 27%.

Mike