

What will the Nov. 2 Palesky Tax Cap Referendum mean for Cape Elizabeth?

Question 1: Do you want to limit property taxes to 1% of the assessed value of the property?

What is the Palesky Tax Cap Proposal?

It is a statewide referendum question on the November 2 ballot that, if approved by voters, will:

1. Roll back the property values to 1996 assessed levels
2. Limit property taxes to one percent (\$10 per \$1,000*) of the assessed value (*plus a portion of citizen-approved debt service*)
3. Limit increases of the assessed values of the property to two percent per year

**The current tax rate in Cape Elizabeth is \$15.34 per \$1000 assessed value. Under Palesky, property taxes would be limited to \$11.50 per \$1000 assessed value (\$10 per thousand plus \$1.50 in current allowable debt service).*

What does this mean for Cape Elizabeth?

If the Palesky proposal passes:

- ◆ Property taxes will go down
- ◆ Town and school services will sustain major cuts
- ◆ New and increased fees will be implemented for town services and school programs

What would be the property tax savings for a home in Cape Elizabeth?

If the referendum passes, the tax savings for every home will be different. You can see what your actual tax bill would be under the proposal at town hall.

Some examples of properties in Cape Elizabeth:

Location	2003-2004 Assessed Value	Current Taxes	Taxes with Referendum	Total Savings
Longfellow Dr.	\$184,500	\$2,620	\$2,122	\$498
Algonquin Rd.	\$249,100	\$3,537	\$2,865	\$673
Rocky Hill Rd.	\$321,300	\$4,562	\$3,695	\$867
Running Tide	\$695,900	\$9,882	\$8,003	\$1,879
Shore Rd.	\$2,251,700	\$31,974	\$25,895	\$6,079

How much money would have to be cut from the town budget?

If the referendum passes, the town of Cape Elizabeth budget will be cut by approximately \$4.45 million. As the referendum is written, assessed values of property must be rolled back to 1996-97 levels, so the proposal's fiscal impact is actually an \$8.9 million loss. The citizen group studying the potential impact of the tax cap in Cape Elizabeth determined the \$4.45 million figure to be realistic after extensive review of the data and reading the Maine Supreme Court advisory opinion that the provision in the bill to roll back

assessed values to the 1996 level would violate the Maine Constitution.

What is the town of Cape Elizabeth budget currently?

For fiscal year 2005 it is approximately \$26 million:

School:	\$16.5 million
Municipal:	\$7.7 million
County:	\$0.85 million
Community Services:	\$0.89 million

How would the \$4.45 million be cut from the town budget?

Town and school officials would solicit citizen input and then be required to make cuts. If the current town/school budget ratio (68 percent school/32 percent town) were applied, the schools would have to cut \$3.17 million and the municipal side would have to cut \$1.27 million.

What changes in town services would we see?

There is no way to know exactly what would change until the actual cuts are determined, but it is anticipated that many services will be severely reduced:

- ◆ 20 town employee positions would be eliminated (a 33 percent reduction)
- ◆ Reduced police/EMT coverage
- ◆ Library hours reduced 50 percent
- ◆ Reduction in road maintenance
- ◆ Pool closed or large fees charged to use it
- ◆ Fees at transfer station (pay per bag)
- ◆ Entrance fees at Fort Williams
- ◆ Time for town employees to snowplow town roads increased by 50 percent

What changes would we see in the schools?

There is no way to know exactly what would change until the cuts were made, but according to a report prepared by the superintendent, some of the realistic cuts we could expect to see are:

- ◆ 46 teachers and support staff positions would be eliminated (a 20 percent reduction)
- ◆ All athletic and co-curricular activities would be fully supported by participant fees or eliminated (see other side)
- ◆ Class sizes would be increased
- ◆ School day could be shortened by one hour
- ◆ 20 percent cut to equipment
- ◆ 20 percent cut to supplies

Cape Elizabeth Tax Cap Task Force: Report to the Community

What kind of fees could we see in Cape Elizabeth?

- ◆ Transfer station: \$2.25 per 33 gallon bag
- ◆ Fort Williams: \$5 per visit
- ◆ High school sport: \$450 to \$900 per player per season depending on the sport*
- ◆ Middle school sport: \$110 to \$200 per player per season depending on the sport
- ◆ Speech and debate: \$430
- ◆ High school student parking: \$200 per year
- ◆ Drama/theater: \$80/production
- ◆ Building permits: 50 percent increase
- ◆ Community Services fees: 40 percent increase

*Sports fees would be in addition to the approximate \$400,000 that boosters currently contribute annually to the sports programs. (Some expensive sports are ice hockey, girls and boys basketball, and the swim teams which may be dropped if the pool is closed.)

Will any town fees be deductible from my income tax?

No. Your property tax is a deductible item, but fees are not.

Can Cape Elizabeth vote this proposal down or override it in some way?

No. It is a statewide referendum, so even if the referendum is defeated in Cape Elizabeth but passes statewide, it will apply to Cape Elizabeth. There is no local override provision in the proposal, unlike the tax cap in Massachusetts, Proposition 2.5, which does have a local override.

Are these all just scare tactics, or will these things really be eliminated in Cape Elizabeth?

These are not scare tactics, but realistic estimates of things that would be cut from our town budget. A \$4.5 million cut from our town budget will require very real and significant sacrifices.

What is the Cape Elizabeth Tax Cap Task Force?

In April, the town council organized a group of nonpartisan community volunteers, open to all, to examine the Palesky tax cap and its potential impact upon town services and schools. The council directed the task force to report to the community its findings and conclusions. The task force met every other week since May using the town manager, the school superintendent and their respective staffs as resources to study the proposal and its impacts in depth.

What principles and standards guided the task force in its consideration of possible impacts?

With full support from the town council and the school board, the task force received detailed statements of current

budgets and pro forma budgets with estimated cuts made. Care was taken to determine that a proposed cut in employment, services or service level in the municipal and school budgets was realistic and not offered as a scare tactic. Justification and rationale for proposed cuts were debated. The cuts and fee alternatives presented are as realistic as possible and the results of much study and debate.

How does all of this fit in with Question 1, which passed in June?

Question 1 requires the state of Maine to increase its portion of school funding from approximately 43 percent to 55 percent. This additional funding could allow towns to lower property taxes since there would be more money for education available from the State. A Town Council goal this year is to return to the taxpayers as property tax relief any additional money that Cape Elizabeth receives from the state as a result of Question 1.

What other states have similar tax cap proposals? What have been the results?

Several other states have tax caps. Each state is unique and the success of these caps are subject to debate and interpretation. Carol Palesky used California's Proposition 13 as the model for her tax cap, and there appears to be general consensus that education in California has suffered. California has fallen from one of the highest achieving states in the nation in education to one of the lowest in the 25 years since Proposition 13 passed.

Where can I get more information?

- ◆ The full committee report is available at the Thomas Memorial Library.
- ◆ A complete copy of the Palesky proposal is available at: www.memun.org/resources/Public/news/pp/question.htm
- ◆ Additional web sites with information: www.capeelizabeth.com
www.news.maintoday.com/indepth/taxreform

Cape Elizabeth Tax Cap Task Force Members

Steve Simonds and Seth Brewster, chairmen; Henry Adams, Jerry Angier, Schuyler Armstrong, Henry Berry III, Tom Brigham, Bob Crane, Beth Currier, Tom Egan, Linda Gabrielson, Connie Goldman, Priscilla Hare, Alistair MacVicar, Carol Makrides, Frank Miles, Dorothy Stack, Mary Townsend, Chuck Wilson, Anne Swift-Kayatta, Mary Ann Lynch, David Backer, Elaine Moloney, Rebecca Millett