

Town of Falmouth

Resolution of the Town Council opposing passage of the proposed State Law entitled Taxpayer Bill of Rights (TABOR)

- Whereas,** we acknowledge that Maine's Tax Burden is be high relative to our State's level of personal income on a per capita basis and steps must be taken to control the overall increase in that burden; and
- Whereas,** on November 7, 2006, the people of the State of Maine will vote on a citizen initiated law entitled the Taxpayer's Bill of Rights (TABOR); and
- Whereas,** TABOR relies on questionable and untimely population and economic data in establishing these annual spending limits: for example: the 2003-2004 estimated population change in the Town of Falmouth was projected to be 5 people, or a 0.05% increase, when a total of 66 building permits were issued during 2003; Census estimates at the sub-county level, which Falmouth is classified as, are not released until June each year (July 1, 2005 data was released on June 21, 2006, which would not be used until the 2007-2008 Fiscal Year Budget process); and
- Whereas,** the spending limit on local schools for the Town of Falmouth would be based on the lower of the two local government formulas: the change in total assessed value or the consumer price index adjusted by population change, which may not accurately reflect the demand or need for services as demonstrated over the last ten years (between 1995 and 2005 the Falmouth population, according to the US Census Bureau increased by 31% when the Falmouth School enrollment increased by 63% over the same time period) instead of the consumer price index adjusted by student population change; and
- Whereas,** spending limits are based on prior year revenues, which are not known until the close of the fiscal year, the municipal budget can not be approved until after the start of the new fiscal year; and
- Whereas,** according to the Maine Heritage Policy Center, Local Tax Collections as a percent of Personal Income have increased from 4.8% in 1958 to 5.4% in 2002, while State Tax Collections have increased from 4.8% to 7.4% over the same period of time; and
- Whereas,** TABOR is a State Statute, enforceable on municipalities but voluntary for the Maine State Legislature; and

Whereas, TABOR will override the State's current obligation to limit increases in taxation and spending at the state, county and local level (LD1), and could impair the state's ability to fund the recently passed citizen initiated statute requiring the State to contribute 55% of the cost of K-12 education in order to reduce the burden of that funding on the property tax; and

Whereas, if the proposal is adopted, it is likely to jeopardize the Town's bond rating by reducing the Town's financial flexibility, resulting in higher interest costs on needed investments in the Town's infrastructure; and

Whereas, while TABOR provides for an override process that would allow for spending increases over and above those allowed by formula as well as for increases in fees charged for services, this process limits majority rule and is both time consuming and expensive, requiring a 2/3rds vote of the Town Council and a referendum election estimated to cost \$11,000; and

Whereas, current law allows any municipality to adopt the TABOR system if the voters of that community choose to do so, thereby eliminating the need for a statewide referendum mandating TABOR, however, if approved statewide, TABOR does not allow the voters of this community to adopt an ordinance or local charter that would suspend, repeal or amend any of the budget formulas or governance procedures that are dictated statewide by TABOR; and

Whereas, Colorado, the only state that has ever adopted a TABOR system, suspended the core element of TABOR in 2005 because of deteriorating infrastructure, public services and schools; and

Whereas, Maine Heritage Policy Center has agreed to support amendments and revisions to the proposed statute language, which we do not know the specifics of and what will be approved by the legislature; and

Whereas, the ambiguities and flaws within the bill as currently proposed and itemized in this resolution raise significant concerns related to the practical application of this bill and the potential for unanticipated or unintended consequences; and

Now therefore, the Town Council of the Town of Falmouth hereby resolves:

That the Town Council hereby indicate our opposition to the TABOR proposal which will appear on the November election ballot and call upon our citizens and the citizens of our region to join us in opposition.

And, be it further resolved, that:

Town staff is hereby authorized to express the opposition of the Town to this measure and to participate in efforts to educate the public as to its meaning and its effect.

Signed on October 23, 2006 at Falmouth, Maine

FALMOUTH TOWN COUNCIL

Richard Olsen, Chair

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Attest:

Kathleen Babeu, Town Clerk, Town of Falmouth