

Town of Falmouth

Resolution of the Town Council opposing passage of the proposed State Law seeking to reduce the Automobile Excise Tax

WHEREAS, motor vehicles excise tax revenue is vital to the maintenance of our local roads for both public safety and welfare and economic development; and

WHEREAS, 97% of the town's 2010 auto excise receipts, when coupled with road assistance funding received from the State of Maine, has been budgeted by the Town for local summer and winter road maintenance; and

WHEREAS, the ten year average of auto excise receipts has reflected a 93% allocation being spent on local road summer and winter road maintenance; and

WHEREAS, vehicles less than six years old would see a reduction in the excise tax. An average of 55%, while vehicles six years old and older would see no change; and

WHEREAS, 61% of the vehicles in Falmouth and 68% of vehicles statewide are six years old and older and would see no change in their excise tax; and

WHEREAS, this will result in an approximate 41% reduction in auto excise tax revenues received by the Town of Falmouth; and

WHEREAS, the auto excise tax is the largest non-property tax revenue source supporting the Town General Fund operations, providing the Town with approximately \$2.4 million dollars annually, an amount which would be reduced by \$895,000 under this proposal; and

WHEREAS, to replace this lost annual revenue through property taxation would require the Town to increase its property tax rate by \$.43 cents per thousand of assessed value; or would result in a dramatic decrease in town services

WHEREAS, if approved, this reduction could go into effect as early as January 2010, six months into the Town's fiscal year and at a point where the primary option available to the Town to adjust to this loss would be to reduce the approved General Fund expenditure budget, and a mid-year expenditure

reduction of this magnitude would require the elimination of Town services and staff;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FALMOUTH THAT

The Town Council opposes the November ballot question that would significantly decrease the automobile excise tax for the following reasons:

- Reducing the excise tax will increase the Town's reliance on the property tax and likely require property tax increases to maintain essential services otherwise funded through excise taxes;
- The excise tax is often more closely related to ability to pay than the property tax in that it reflects the value of the vehicle purchased and drops over time as vehicles age;
- The excise tax, in conjunction with State provided local road assistance, closely approximates the amount the Town spends annually on summer and winter road maintenance, in effect functioning as a form of user fee for street maintenance;
- 61% of the vehicles currently registered in Falmouth would see no change in their excise tax since they are six years old or older;
- If approved, these reductions would go into effect in the middle of the Town's budget year, requiring significant expenditure reductions, much of which could only be accomplished through eliminating services and personnel.

BE IT FURTHER RESOLVED, that a the Town of Falmouth Town Council urges all citizens to become fully informed on this ballot issue prior to the November election by studying the language of the proposal and reviewing materials provided by those supporting and opposing it.

Signed on October 13, 2009 at Falmouth, Maine

FALMOUTH TOWN COUNCIL

Cathy Breen, Chair

Attest:

Ellen Planer, Town Clerk, Town of Falmouth