

Durham Annual Town Meeting

Select Board Report

April 1, 2023

All 2023 budget figures are estimates based on best available data prior to Town Meeting, and don't account for any changes made at Town Meeting or after.

2022 Overspent Articles

- ▶ Two budget articles potentially overspent in 2022
 - ▶ Solid Waste: Approximately \$14,000 over
 - ▶ Fire Department: Approximately \$8,500 over
- ▶ Town Meeting approval required to use Unassigned Funds to cover the overage
- ▶ Advised by Auditor not to vote until after audit is complete so that the exact amounts are known.
- ▶ Select Board will determine when to hold a Special Town Meeting for this vote

2023 Municipal Budget Context

- ▶ Municipal Budget historically accounts for about 20% of our property tax bill
- ▶ Current MIL Rate is 20.70. There was no increase in 2022.
 - ▶ Reduced Homestead Exemption resulted in small tax increase for most people
- ▶ Property Tax Stabilization Program takes effect in 2023
- ▶ Unassigned Fund Balance is healthy. Able to use portion of funds to reduce tax burden.
- ▶ American Rescue Plan (ARPA) funds recommended to be used for 3 capital expenditure articles, totaling \$280,000
 - ▶ If all approved, remaining ARPA balance will be approximately \$50,000
- ▶ Still operating in a high-inflation environment with a tight labor market and corresponding upward pressure on wages
- ▶ Proposed Budget is more than \$300,000 under the State Levy Limit

Homestead Exemption Program

- ▶ Homestead Exemption provides a reduction of up to \$25,000 in the value of your home for property tax assessment purposes. (i.e., a home with a local assessed value of \$200,00 is taxed as if it were valued at \$175,000)
- ▶ Eligibility:
 - ▶ Permanent resident of Maine
 - ▶ Home must be permanent residence
 - ▶ Owned a home in Maine for at least 12 months prior to applying
 - ▶ File application at Town Office by April 1 to take effect that tax year. Only need to apply once.
- ▶ Exemption amount determined by Town's Local Certified Ratio
 - ▶ Defined as: Ratio of the Locally Assessed Value (i.e. local valuation) to the Fair Market Value (i.e., State Valuation) of all real property in the town.
 - ▶ Durham's Local Certified Ratio is currently quite low: 61.0%
 - ▶ **Durham's 2023 Homestead Exemption: $\$25,000 \times 0.61 = \$16,750$**
- ▶ State reimburses Town a percentage of the taxes lost by reason of the exemption. (76% for 2023, increasing 3% per year until 100%)

Property Tax Stabilization Program

- ▶ New State law taking effect in 2023
- ▶ Goal is to stabilize (i.e., freeze) property taxes for eligible Seniors
- ▶ Eligibility guidelines
 - ▶ At least 65 years old
 - ▶ Permanent Maine resident
 - ▶ Owned a Maine Homestead at least 10 years
 - ▶ Be eligible for Homestead exemption on property requesting stabilization
- ▶ Must apply by December 1 at Town Office every year for the next tax year. (Example: December 1, 2022)
- ▶ If application approved, Property taxes will be billed at previous year's amount. (Example: 2023 tax bill will be same 2022)
- ▶ State reimburses Town for 100% of difference between “normal” tax bill and “stabilized” tax bill.

2023 Municipal Budget Summary

	2023	\$ Var to LY	% Var to LY	MIL Impact	MIL Rate % Inc/Dcr
Total Municipal Budget	4,478,033	262,982	6.2%		
Less Revenues and Fund Appropriations	2,950,754	192,647	7.0%		
Total Municipal Assessment	1,527,279	70,335	4.8%	0.18	0.9%

Select Board / Budget Committee Comparison

	Municipal Budget	Fund Transfers	Revenues	Municipal Assessment	Est. Municipal MIL Rate	MIL Rate % +/- vs LY
Select Board	\$4,478,033	\$714,180	\$2,236,574	\$1,527,279	\$3.93	0.9%
Budget Cmte.	\$4,428,033	\$714,180	\$2,236,574	\$1,477,279	\$3.80	0.3%

Select Board and Budget Committee agree on all budget articles except for the contribution to Public Works Capital Reserves.

2023 Estimated “All-in” Tax Assessment

	2023 Estimated Assessment	\$ Variance vs LY	% Variance vs LY	MIL Rate +/-	% Change in Total MIL Rate
Municipal	1,527,279	70,335	4.8%	0.18	0.9%
Education	5,704,103	166,139	3.0%	0.43	2.1%
County	677,388	76,502	12.7%	0.20	0.9%
Overlay	135,974	0	0.0%	0.00	0.0%
Total	8,044,744	312,976	4.0%	0.80	3.9%

Estimates based on 2022 Local Valuation. An increase in 2023 Local Valuation will reduce the estimated MIL Rate change.

Durham MIL Rate: 2011 - 2022



2021 Regional Full Value Tax Rate Comparison

Each year, Maine Revenue Services determines the full equalized value of each municipality and subsequently calculates a full value tax rate.

These tax rates are calculated in order to facilitate equitable comparisons between municipalities.

2021 Equalized Tax Rate derived by dividing 2021 Municipal Commitment by 2023 State Valuation with adjustments for Homestead and BETE Exemptions and TIFs

GENERAL AREA	2021	RANK
Lewiston	20.92	1
Auburn	18.87	2
Bath	17.93	3
Lisbon	16.98	4
Brunswick	16.76	5
Topsham	14.98	6
Cumberland	14.75	7
North Yarmouth	14.09	8
Yarmouth	13.83	9
Pownal	13.58	10
Durham	13.19	11
Falmouth	12.24	12
Freeport	12.21	13
New Gloucester	11.76	14
Gray	11.33	15

Durham Outstanding Bond Debt

Description	Year	Initial Principal	2023	2024	2025	2026	2027	2028	2029	2030
Road Bond	2016	\$1,100,000	\$159,878							
PW Equip. Bond	2014	\$1,150,000	\$141,524	\$132,754						
Rescue Bond	2019	\$250,000	\$39,915	\$39,315	\$38,710	\$38,095				
Fire Truck Bond	2018	\$480,000	\$58,895	\$58,895	\$58,895	\$58,895	\$58,895	\$58,895		
Road Bond	2018	\$2,000,000	\$233,260	\$228,200	\$222,940	\$217,480	\$211,820	\$205,980		
Road Bond	2019	\$2,100,000	\$233,802	\$230,397	\$226,972	\$223,484	\$221,613	\$217,875	\$214,011	
PW Building Bond	2014	\$975,000	\$91,120	\$91,120	\$91,120	\$91,120	\$91,120	\$91,120	\$79,525	
	Total		\$958,394	\$780,681	\$638,637	\$629,074	\$583,448	\$573,870	\$293,536	\$0

Future Challenges and Opportunities

Durham Town government and finances are in very good shape, but the work continues...

- ▶ Potential transition from Calendar to Fiscal Budget Year
- ▶ Long-term plan for Solid Waste
- ▶ Property Revaluation Process
- ▶ Capital Improvements Funding Plan
- ▶ Plan for remaining ARPA funds
- ▶ Long-term plan for Old Town Hall (aka Union Church)
- ▶ Technology upgrades at Eureka Center
- ▶ Town Office re-configuration

Thank-you for coming to
Town Meeting today!