



Maine Municipal Association
STATE & FEDERAL RELATIONS



To: Key Municipal Officials

From: Kate Dufour, Maine Municipal Association
Danielle Jones, U.S. Census Bureau
Michael LeVert, State Planning Office

Date: September 1, 2009

Re: 2009 Local Government Finance and LD 1 Surveys

Enclosed please find the *2009 Local Government Finance Survey and Instruction Sheet* (printed on white paper) and the *2009 LD 1 Survey and Instruction Sheet* (printed on green paper). This outreach endeavor consolidates into one effort requests from MMA, the State Planning Office (SPO) and the U.S. Census Bureau to obtain important financial information about your community. In the past, communities had been asked to respond to four separate surveys sent out by our three organizations. We hope this approach saves you time.

The information gathered in these surveys is very beneficial for federal, state and local government officials and is used to generate several reports such as the U.S. Census Bureau's *State and Local Government Finance Report* and MMA's *Fiscal Survey Report*, as well as the State Planning Office's *LD 1 Progress Report*. For that reason, we encourage you to complete the enclosed surveys.

Please review the attached instructions for each survey. Due to the length and detail of the Local Government Finance Survey and the January reporting deadline for SPO's LD 1 report, two separate deadlines have been created:

- **LD 1 Survey** – Please return the completed LD 1 survey (green document) in the postage paid envelope marked “*Attention Kate – LD 1*” by **Monday, November 2, 2009**. This survey is being conducted as a follow-up to the LD 1 reports compiled in 2005, 2006, 2007 and 2008 and in an ongoing effort to illustrate to state level policy makers and the general public how the governmental limitation system (LD 1) is working.
- **Local Government Finance Survey** – Please return the completed Local Government Finance survey (white document) in the postage paid envelope marked “*Attention Kate – Finance Survey*” by **Monday, December 20, 2009**. This survey is requesting data for the 2008 budget year, which in most “calendar year” municipalities is the budget year that ended on December 31, 2008 and in “fiscal year” municipalities is the budget year that ended June 30, 2009. If you

believe some other employee (e.g., finance director, treasurer, etc.) or volunteer (e.g., budget committee member, etc.) in your community is better suited to complete the survey, please forward this survey to that person.

The Census Bureau, SPO and MMA are dedicated to making these surveys reliable sources of municipal revenue and spending data. This goal is possible only with your assistance. Again, please take the time to complete the surveys and return them in the enclosed envelopes.

Thank you for your time and assistance. If you have any questions please contact MMA's Kate Dufour at 1-800-452-8786 or kdufour@memun.org, the U.S. Census Bureau's Danielle Jones at 1-888-590-2748 or danielle.y.jones@census.gov or SPO's Thomas Merrill at 287-1478 or Thomas.Merrill@maine.gov.

2009 LD 1 Survey

Municipality: _____	Contact: _____	Phone: _____
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Calendar Year Municipalities - For communities with “calendar year” budgets, the use of the term 2008 refers to the budget year that ended at the end of 2008 or in early 2009. The use of the term 2009 refers to the budget year that will end at the end of 2009 or in early 2010.

Fiscal Year Municipalities – For communities with “fiscal year” budgets, the use of the term 2008 refers to the July 1, 2008 to June 30, 2009 budget year. The use of the term 2009 refers to the July 1, 2009 to June 30, 2010 budget year.

1. Determine 2008 Property Tax Limit for Municipal Services

In 2008, did the municipality stay within the LD 1 limit or vote to “exceed”, for one time only, the calculated limit?

Yes ___ (go to question 1-A)

No ___ (go to question 1-B)

1-A. Enter 2008 LD 1 Limit (and skip 1-B):	\$ _____
1-B	
A. 2008 Municipal Appropriations (Line 2, 2008 Assessment Warrant) <i>(Do not include any school appropriations.)</i>	\$ _____
B. 2008 Deductions (Line 11, 2008 Assessment Warrant) <i>(Do not include any school revenues.)</i>	\$ _____
C. 2008 LD 1 Limit (A less B)	\$ _____

2. 2008 Property Taxes or LD 1 Limit for Municipal Services (Line 1-A or Line 1-B) \$ _____

3. 2008 Income Growth Factor (State Planning Office calculation) 0.0228

4. Property Growth Factor (see instruction sheet) _____

5. LD 1 Growth Limitation Factor (Line 3 + Line 4) _____

6. Add 1 to the Growth Limitation Factor calculated in Line 5
(For example, if Line 5 is 0.0360, then enter 1.0360 on Line 6.) _____

-Over-

7. Adjusted Revenue Sharing (see instruction sheet)
- 7A. Net New Revenue Sharing \$ _____
- 7B. Loss of Revenue Sharing \$ _____
8. Multiply Line 2 by Line 6 \$ _____
9. 2009 Property Tax Levy Limit (see instruction sheet)
- A. Line 8 less Line 7A (complete only if data is reported in 7A) \$ _____
- B. Line 8 plus Line 7B (complete only if data is reported in 7B) \$ _____
10. 2009 Municipal Appropriations (Line 2 on 2009 Assessment Warrant)
(Do not include any school appropriations.) \$ _____
11. 2009 Total Deductions (Line 11 on 2009 Assessment Warrant)
(Do not include any school revenues.) \$ _____
12. 2009 Municipal Property Tax Levy (Line 10 less Line 11) \$ _____
13. Over/(Under) Limit (Line 12 less Line 9) \$ _____

14. If Line 13 is positive, did the community vote to increase or exceed the LD 1 limit?
Increase ___ Exceed ___ Did Not Vote ___

15. Please circle the option (A through D) that best describes how your municipality's legislative body (i.e., council or town meeting) managed the adoption of the municipal budget and the LD 1 limit.

A. Proposed budget was within the LD 1 limit, and the finally adopted budget was within the LD 1 limit.

B. Proposed budget was within the LD 1 limit, and the finally adopted budget was over the LD 1 limit.

Did the legislative body adopt an article to exceed the limit for this year only? Yes ___ No ___

Did the legislative body adopt an article to permanently increase the limit? Yes ___ No ___

Why was the final budget over the LD 1 limit? _____

C. Proposed budget was over the LD 1 limit, and the finally adopted budget was over the LD 1 limit.

Did the legislative body adopt an article to exceed the limit for this year only? Yes ___ No ___

Did the legislative body adopt an article to permanently increase the limit? Yes ___ No ___

Why was the final budget over the LD 1 limit? _____

D. Proposed budget was over the LD 1 limit, and the finally adopted budget was within the LD 1 limit.

Thank you.

Please return your survey in the enclosed envelope to Kate Dufour or fax (624-0129) by **November 2, 2009**. If you have any questions, please feel free to contact Kate at 1-800-452-8786 or by e-mail at kdufour@memun.org.

2009 LD 1 Survey – Instruction Sheet

Note:

Calendar Year Municipalities - For communities with “calendar year” budgets, the use of the term 2008 refers to the budget year that ended at the end of 2008 or in early 2009. The use of the term 2009 refers to the budget year that will end at the end of 2009 or in early 2010.

Fiscal Year Municipalities – For communities with “fiscal year” budgets, the use of the term 2008 refers to the July 1, 2008 to June 30, 2009 budget year. The use of the term 2009 refers to the July 1, 2009 to June 30, 2010 budget year.

1. Determine the 2008 Property Tax Levy Limit for Municipal Services The figure entered on this line depends on whether the local legislative body (i.e., council or town meeting) stayed within the limit in 2008 or voted to increase the limit.

If your municipality ***did not*** vote to increase its 2008 municipal property tax levy limit, enter last year’s property tax limit for municipal services on Line 1.

If your municipality ***did*** vote to increase its 2008 municipal property tax levy limit, this figure is calculated by using the information reported in the *Municipal Tax Assessment Warrant*. Subtract from the Municipal Appropriations figure reported on Line 2 the Total Deductions figure reported on Line 11. Neither the municipal appropriations figure nor the total deductions figure should include school appropriations or revenues.

2. 2008 Property Taxes or LD 1 Limit for Municipal Services - This is the amount of property taxes raised in 2008 to fund municipal services only. In other words, it is the portion of the total property tax revenue used to fund municipal services (i.e., public works, police, office of the clerk, etc.), as calculated in Line 1.

3. 2008 Income Growth Factor (IGF) – The 10-year average growth in total personal income adjusted for inflation. The State Planning Office annually calculates this figure. In 2008 the IGF was 0.0228.

4. Property Growth Factor (PGF) – Growth in taxable property value. This is the value of property that has never before been taxed by the community, including new additions, new buildings and subdivisions. The PGF can be calculated in one of two ways:

A. The general method of calculating the PGF is as follows:

1. Value of new property taxed for 1st time as of April 1, 2008 (or latest year)
(include new buildings, splits and additions to existing structures) \$ _____
2. Value of new personal property (positive values only) \$ _____
3. New Value Total (Line 1 plus Line 2) \$ _____

4. Total Taxable Value of Municipality (as of April 1, 2008 or latest year) \$ _____

5. Property Growth Factor (Line 3 divided by Line 4) \$ _____

B. For a short-cut method, provided your municipality has not had a revaluation or a partial revaluation in the last year, the PGF can be calculated as follows:

1. 2007 Total Taxable Value of Municipality \$ _____

2. 2008 Total Taxable Value of Municipality \$ _____

3. New Value (Line 2 less Line 1) \$ _____

4. Property Growth Factor (Line 3 divided by Line 2) \$ _____

5. LD 1 Growth Limitation Factor – The Income Growth Factor in Line 3 plus the Property Growth Factor in Line 4.

6. Add 1 to Growth Limitation Factor – Add 1 to the Growth Limitation Factor calculated in Line 5. For example, if Line 5 is 0.0360, then enter 1.0360 on Line 6.

7. Adjusted Revenue Sharing – The adjusted revenue sharing amount is calculated in one of two ways. If your municipality experienced an increase in revenue sharing between calendar year 2007 and 2008, use the “*net new revenue sharing*” formula outlined below (7A). If your community experienced a decrease in revenue sharing between calendar year 2007 and 2008, use the “*loss of revenue sharing*” formula outlined below (7B).

7A - Net New Revenue Sharing. If a municipality experienced an increase in revenue sharing between calendar year 2007 and 2008, “adjusted revenue sharing” is calculated by adjusting the 2007 revenue sharing amount by the growth factor (Line 6) and subtracting that result from the 2008 revenue sharing amount. For example, if a community received \$50,000 in revenue sharing in 2007, had a Growth Factor of 1.0360 and received \$60,000 in revenue sharing in 2008, the “net new state funding” would be \$8,200. As a result, the community must reduce its Property Tax Levy Limit, calculated in Line 9, by \$8,200.

	Example	Town Data
A. 2007 Revenue Sharing	\$ 50,000	_____
B. Adjusted 2007 Revenue Sharing	\$ 51,800	_____
C. 2008 Revenue Sharing	\$ 60,000	_____
D. Adjusted Revenue Sharing (Line C less Line B)	\$ 8,200	_____

7B - Loss of Revenue Sharing. If a municipality experienced a decrease in revenue sharing between calendar year 2007 and 2008, “adjusted revenue sharing” is calculated by subtracting the 2007 revenue sharing amount from the 2008 revenue sharing amount. For example, if a community received \$50,000 in revenue sharing in 2007 and received \$45,000 in revenue sharing in 2008, the “adjusted revenue sharing” would be \$5,000. As a result, the community may increase its Property Tax Levy Limit, calculated in Line 9, by \$5,000.

	Example	Town Data
A. 2007 Revenue Sharing	\$ 50,000	_____
B. 2008 Revenue Sharing	\$ 45,000	_____
C. Adjusted Revenue Sharing (Line B less Line A)	\$ 5,000	_____

8. Multiply Line 2 by Line 6. This calculation yields the community's property tax levy limit before adjusting for revenue sharing.

9. 2009 Property Tax Levy Limit. This calculation is the community's "revenue sharing adjusted" property tax levy limit.

10. 2009 Municipal Appropriations. This figure is found on Line 2 of the Municipal Tax Assessment Warrant. Do not include any school appropriations.

11. 2009 Total Deductions. This figure is found on Line 11 of the Municipal Tax Assessment Warrant. Do not include any school revenues.

12. 2009 Municipal Property Tax Levy. Property taxes needed to fund municipal services in 2009 (Line 10 less Line 11).

13. Over/(Under) Limit. Line 12 less Line 9. If the figure on this line is positive, the community is over its LD 1 limit. If the figure on this line is negative, the community is under its LD 1 limit.