

Special Meeting of July 24, 2017

South Portland City Council
Position Paper of the City Manager

Subject:

RESOLVE #9-17/18 - Amending Resolve #38-16/17 the FY 2018 Appropriation Resolve, to increase various estimated revenues by \$ to be determined. Passage requires majority vote.

Position:

With the State budget still in flux, the City Council approved the appropriation resolve on June 19, 2017 based on the most up to date information available. When the budget was finally approved in early June, it included significant a significant increase in education funding and a decrease in Homestead revenue reimbursement. As such, we are recommending that the City Council amend the appropriation resolve prior to the Assessor committing property taxes.

For the Homestead program, the exemption amount will still increase from \$15,000 to \$20,000 for each eligible homeowner. However, instead of increasing the reimbursement of lost property tax revenue to municipalities to 62.5%, the last minute budget deal keeps the reimbursement amount at 50%. This unexpected change results in the loss of approx. \$254,000 for South Portland in FY18. For education funding, South Portland schools will receive an additional \$1,015,529 for FY18 over what was previously anticipated. The law requires that 50% of this new aid be passed along to property tax payers as tax relief, unless the municipality had passed a resolve authorizing otherwise. Council approved such a resolve on May 15, 2017 as part of the School budget approval process. Resolve #34-16/17 states:

That the Board of Education be authorized to use all or part of additional state subsidy received, if any, to increase expenditures for school purposes in cost center categories approved by the School Board, increase the allocation of finances in a reserve fund approved by the School Board, and/or decrease the local cost share expectation, as defined in Title 20-A, section 15671-A(1)(B), for local property taxpayers for funding public education as approved by the School Board.

The Superintendent has developed a list of recommendations that the School Board will be reviewing Monday night (see attached). His recommendation would allocate 50% of the new revenue toward property tax relief. The School Board will review these recommendations Monday night (July 24, 2017) at a special School Board Meeting planned for 5:45 PM. Based on the School Board's vote, the Council will be asked to amend the various School Budget Resolves as well as the overall City Appropriation Resolve #38-16/17. Should this recommendation pass, it will more than make up for the loss in Homestead reimbursement revenue and result in a decrease in the amount we need to raise from property taxes. The exact impact on the tax rate will be discussed on Monday night.

Lastly, the due date for the first installment of tax bills payments this year was originally set for August 17, 2017. Due to the change in State subsidy numbers, and the resulting delay in the tax commitment and mailing of tax bills, staff recommends that the first installment be pushed back two weeks and now due August 31, 2017. This will provide taxpayers additional time to make payment.

Requested Action:

Council passage of RESOLVE #9-17/18.



City Manager



CITY OF SOUTH PORTLAND

PATRICIA A. SMITH
Mayor

SCOTT T. MORELLI
City Manager

EMILY F. SCULLY
City Clerk

SALLY J. DAGGETT
Jensen Baird Gardner & Henry

**IN CITY COUNCIL
RESOLVE #9-17/18**

District One
CLAUDE V. Z. MORGAN

WHEREAS, on June 19, 2017, the City Council adopted Appropriation 07/01/2017 – 06/30/2018 Resolve #38-16/17; and

District Two
PATRICIA A. SMITH

WHEREAS, the City Council desires to amend the expenditure amount to reflect the updated budget;

District Three
EBEN C. ROSE

NOW, THEREFORE, BE IT RESOLVED, that Resolve 38-16/17 be and hereby is amended as follows [additions are underlined, deletions are ~~struck through~~];

District Four
LINDA C. COHEN

**THE COUNCIL OF THE CITY OF SOUTH PORTLAND HEREBY
RESOLVES,**

District Five
BRAD FOX

That the following be and hereby is the Appropriation Resolve for the City of South Portland, Maine, for the fiscal year of July 1, 2017, through June 30, 2018 and which will include the amount appropriated herein and continuing for that fiscal period as shown on Pages 3 through 33 of the Schedule of the Appropriations and Revenues for the fiscal year of July 1, 2017, through June 30, 2018, attached hereto and made a part thereof in the aggregate amount of ~~\$100,652,083~~ \$. The same is now hereby appropriated for the fiscal year of July 1, 2017 through June 30, 2018, and said amounts are declared not to be in excess of the estimated revenues from taxation and sources other than taxation for the fiscal year of July 1, 2017 through June 30, 2018; and

At Large
MAXINE R. BEECHER

At Large
SUSAN J. HENDERSON

BE IT FURTHER RESOLVED, that the Assessor of Taxes of the City of South Portland be and hereby is directed to assess a tax upon all real estate liable to be taxed therein and to assess the owner of, or such other persons as may be liable by law for, personal property liable to be taxed therein on the first day of April, A.D., 2016 and not exempt from taxation, to the aggregate amount of ~~\$62,388,585~~ \$ and in accordance with the provisions of the Statutes of Maine in such cases made and provided make perfect lists under his hand of such assessments and commit the same to the Director of Finance for the City of South Portland on or before the first day of August 2017. All taxes assessed as above and committed to the Director shall be due upon commitment and payable in four installments, the first due on the ~~Seventeenth (17)~~ Thirty-first (31) day of August 2017, the second

installment due on the Sixteenth (16) day of November, 2017, and the third installment due on the Fifteenth (15) day of February, 2018 and the fourth installment due on the Tenth (10) day of May, 2018; and

BE IT FURTHER RESOLVED, that the City of South Portland will appropriate from the Brick Hill TIF for School purposes \$197,353, and will appropriate from the School Undesignated Fund Balance for School purposes \$500,000; and

BE IT FURTHER RESOLVED, that the City of South Portland will appropriate from the TIF Program \$24,000, will appropriate from the Tax Rate Stabilization Reserve \$500,000, will appropriate from the School Resource Officer Reserve \$5,780, will appropriate from the School Bus Reserve ~~\$140,000~~ \$ to be determined, and will appropriate from the School Technology Reserve ~~\$171,480~~ \$ to be determined; and

BE IT FURTHER RESOLVED, that having set the dates on which the taxes shall become payable, to wit, ~~August 17, 2017~~ August 31, 2017, November 16, 2017, February 15, 2018, and May 10, 2018; any such taxes hereby assessed remaining unpaid after those dates shall bear interest at the rate of 7.00 percent per annum until those taxes are paid in full and shall be collected by the Director of Finance; and

BE IT FURTHER RESOLVED, that on such taxes hereby assessed as shall be overpaid, interest shall be paid at the rate of 3.00 percent per annum, as required by, and in accordance with, applicable state statutes.

On motion of Councilor _____, seconded by

Councilor _____, it was voted that the

Appropriation Resolve has its passage.

Scott T. Morelli, City Manager

Emily F. Scully, City Clerk

Fiscal Note: ~~\$100,652,083~~ **To be determined**

Date: ~~June 19, 2017~~ July 24, 2017