

Town of Windham

Assessing and GIS Department
8 School Road
Windham, ME 04062

voice 207.894.5960

fax 207.892.1916

MEMORANDUM

DATE: August 10, 2016
TO: Town Council & Tony Plante, Town Manager
FROM: Elisa Trepanier, Assessor/GIS Coordinator
RE: 2016/2017 Tax Rate Calculation

As you prepare to set the 2016/2017 mil rate I wanted to provide you with some relevant information to aid you in your decision making process. This year's tax rate is being affected by changes in the application of State revenue sharing and an increase in the Homestead Exemption amount.

Municipal Revenue Sharing:

One factor in the rate increase is related to the amount the Town is reporting for State municipal revenue sharing. This year's projected amount of revenue sharing for Windham is \$668,635.35. In an effort to reduce reliance on revenue sharing the Town voted at this year's annual town meeting to "...accept and apply \$325,000 of anticipated revenue sharing funds..." (ref. Article 3 - 2016 Warrant for Annual Town Meeting.) Reducing the amount of revenue sharing in the tax rate calculation increases the minimum tax rate by \$0.19/per thousand or \$38 per year on a \$200,000 property.

Homestead Exemption:

A second factor impacting this year's mil rate is the change in the Homestead Exemption. Effective April 1, 2016 the Homestead Exemption amount has been increased from \$10,000 to \$15,000. By distributing this difference among all tax accounts, the \$5,000 difference in the exemption reduced the minimum tax rate by \$0.096/per thousand or \$18 per year on a \$200,000 property.

Homestead Exemptions 2016	\$67,520,900
Homestead Exemptions 2015	-\$44,800,000
	\$22,720,900 increase

Note that for 2016 the State Homestead Exemption reimbursement amount remains at 50%. Effective April 1, 2017 (when the value of the exemption will be increased to \$20,000) the reimbursement rate will be 62.5%.

Assessor's Mil Rate Recommendation:

The minimum allowable tax rate is 0.01567 and the maximum allowable tax rate is 0.016453. I am attaching Municipal Tax Rate Calculation forms with five tax rate options for you to choose from. My recommendation is that the Council adopt a mil rate of **0.01570**. This rate represents an increase in the current rate of \$0.55/per thousand or 3.63% and would allow a \$55,990.83 overlay. In 2015 the approved overlay amount was \$44,080.28 and of that amount \$35,859.05 was issued in property tax abatements.

(Note: A \$200,000 home receiving a \$15,000 Homestead Exemption would see a \$26 increase over last year's tax bill. A \$200,000 property with no exemption will have a \$110 increase over last year's bill.)