

Memorandum

To: Forestville Dissolution Task Force

From: Paul Bishop
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Date: October 26, 2015

Re: Impact of CETC

This memo is an attempt to clarify the impact of the Citizen's Empowerment Tax Credit (CETC) on the potential property tax impact in Forestville after dissolution. As a preface, the CETC is written into state law in a similar manner as the aid to municipalities (AIM) and state highway aid (CHIPS) that local municipalities have been receiving for decades. Further, both legislative and executive branches of state government have prioritized dissolution and consolidation in recent years and it seems very unlikely that they will reduce or eliminate this incentive. However, to address the concerns of those worried about how the lack of CETC would impact the process, I've calculated the impact to projected tax rates.

In the case of Forestville, after dissolution the CETC will reduce the town of Hanover's townwide property tax by about 60 cents per thousand. For a median home of \$93,000, that is an impact of about \$56.00 annually. In percentage terms, a homeowner in Forestville will see about a 55 percent reduction in local property taxes with the CETC. In the very unlikely event the CETC were eliminated, they'd still see a 50 percent reduction in local property tax.

Forestville Village Tax Comparison						
		With CETC			Without CETC	
	Current	After Dissolution	Change	After Dissolution		
2015 Village Tax	\$ 10.63	\$ -	\$ (10.63)	\$ -	\$ (10.63)	
Fire Protection District	\$ -	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	
Light and Sidewalk District	\$ -	\$ 1.70	\$ 1.70	\$ 1.70	\$ 1.70	
General Townwide	\$ 2.10	\$ 1.70	\$ (0.40)	\$ 2.30	\$ 0.20	
General TOV	\$ -	\$ -	\$ -	\$ -	\$ -	
Highway -Townwide	\$ 0.86	\$ 0.90	\$ 0.04	\$ 0.90	\$ 0.04	
Highway -TOV	\$ -	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	
Total	\$ 13.60	\$ 6.20	\$ (7.40)	\$ 6.80	\$ (6.80)	

Estimated tax rates shown in cost per thousand of assessed value.

Because of their smaller initial tax bill, the 60 cents per thousand has a proportionally larger impact on the residents of the town of Hanover outside of Forestville. With the CETC, their local tax bill would increase about 13 percent (53 cents per thousand) after

dissolution. If the CETC did not exist, their local tax bill would increase about 28 percent (\$1.13 per thousand) after dissolution.

Hanover TOV Tax Comparison					
		With CETC		Without CETC	
	Current	After Dissolution	Change	After Dissolution	
Fire Protection District	\$ 1.01	\$ 1.50	\$ 0.49	\$ 1.50	\$ 0.49
General Townwide	\$ 2.10	\$ 1.70	\$ (0.40)	\$2.30	\$ 0.20
General TOV	\$ -	\$ -	\$ -	\$ -	\$ -
Highway -Townwide	\$ 0.86	\$ 0.90	\$ 0.04	\$ 0.90	\$ 0.04
Highway -TOV	\$ -	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
Total	\$ 3.97	\$ 4.50	\$ 0.53	\$ 5.10	\$ 1.13

Estimated tax rates shown in cost per thousand of assessed value.

In summary, while the CETC has a substantial impact on the tax rate, the effect of spreading expenses of general government services over the larger tax base in the whole town has a far greater impact on the future tax rate. There will be a substantial reduction for Forestville residents on the local government tax rate regardless of the existence of the CETC. Conversely, the residents of Hanover outside the village will see an increase in taxes that appears large in percentage terms, but in actual dollars the CETC has an impact of less than \$5.00 per month for a median home for all residents in Hanover.