

Town of Newstead – Budget Message for 2017

The town budget continues to be very difficult to work with the tax cap that we have been given by the State of New York. The state cap, which is only .68% for 2017 (it was .73% for 2016), continues to present challenges restricting spending by towns, while mandates from the state and other entities continue to increase more than 2%. The tax cap is not a cap on the taxpayer's taxes. It is a law that establishes a limit on the annual growth of property taxes levied by local governments to 2% or the rate of inflation, whichever is less. It can be overridden by a 60% vote from the town board for any given year. There are several exclusions provided to the town governments in the calculation of the cap figures. The state promised when the 2% law was put into effect there would be state mandate relief. This has not occurred. The Town of Newstead medical insurance, fuel and salt increases, etc., continue to rise well over the 2% tax cap. As has been done in most towns and villages, the only way to stay under the tax cap burden is to use savings or fund balance.

As required by Town Law, the "Tentative Budget" for 2017 has been prepared by the Town Supervisor. It is submitted to the town board, citizens and taxpayers for review, consideration and resident input. A public hearing will be held in October for official input. The town board has the final vote on passing the preliminary budget in November, and may change portions of the budget as presented here after the public hearing.

The Town of Newstead is fortunate to be in solid financial condition. However, since the tax cap has been instituted, our reserves and fund balances have continually been reduced each year in order to stay under the governor's tax cap and still maintain our facilities and infrastructure. Grant and partnership opportunities continue to be pursued to help offset costs of various upgrades. It is increasingly difficult to formulate a budget with the restrictions from the state when the state does not fulfill their part of the 2% cap legislation. The town tax is a small percentage of one's total taxes. The town has no control over village, county or school taxes. The Town of Newstead taxes are less than 10% of your total tax bill, based on a home with a market value of \$150,000. Each year we pass a resolution allowing us to go over the tax cap if necessary. We do not anticipate going over the cap in 2017, but this may be the last year we are able to stay under the tax cap without unfunded mandate relief from the state government. In this budget we have proposed a reduction in staffing in the building and planning department for 2017, a reduction in some highway accounts, recreation and park accounts from the budgets that were presented by the departments.

The overall budget appropriations for the town, which includes all funds, will be \$5,023,897 (\$4,917,061 in 2016). Amount to be raised by taxes will be \$ 2,390,958 (\$2,343,646 in 2016). That amount includes the town wide general fund, highway funds, water districts, fire protection district, refuse and garbage district, and drainage district.

The general fund tax rate will be \$1.332375 (\$1.3158 in 2016) per \$1,000 taxable valuation. The fire protection district tax rate will be \$1.228256 (\$1.22 in 2016). The drainage tax will be \$.049306 (\$.088 in 2016) per \$1,000 taxable valuation. We will have a highway tax rate of \$.049113 per \$1,000 taxable valuation, which we have not had in the past several years. Water district rates will vary but stay close to the same as last year depending on the district. The flat yearly rate for refuse will be \$178.860622 (\$179.99 in 2016). This will cover the town's portion of the various recycling programs that the town and village are jointly offering as well

as the normal cost of providing this service. A complete detailed budget and summary of estimated tax rates can be found in the tentative budget. The hearing on the budget is scheduled for Monday, October 24, 2016 at 7:45 p.m.

Sincerely,

David L. Cummings
Supervisor - Town of Newstead