

Town of Newstead – Budget Message for 2018

The town budget has again been a difficult job due to the tax levy limit that was implemented by the State of New York several years ago. The state cap, which is 1.84% for 2018, continues to present challenges. Tax levied by towns is restricted to this growth, yet meanwhile mandates from the state and other cost areas continue to increase by more than 2%. The tax cap is not a cap on the taxpayer's tax bill directly; 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, but in Newstead this has never been done because we have been under the cap each year since the law was enacted. The levy limit is determined by a formula in which the exclusion of some items is permitted; however, the state's promise of mandate relief remains unfulfilled, and many costs continue to rise more than the rate of the cap. Staying under the cap often means using fund balance or sacrificing other expenditure plans, such as infrastructure improvements, for towns and villages.

The budget process begins with the various departments submitting requests for their own area of the budget to the budget officer of the town, who is the Town Supervisor. The Town Supervisor reviews that information and, as required by law, prepares the Tentative Budget. The Tentative Budget is then submitted to the town board, citizens and taxpayers for review, consideration and input at a public hearing held in October. The town board has the final vote on the budget in November, and may change portions of the budget as presented here after the public hearing. Changes made by the town board could also impact whether or not this budget remains under the cap.

The Town of Newstead continues to be in good 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 also 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, but we do not anticipate going over the cap in 2018. In this budget we have provided for maintenance in areas that were previously put off in order to stay under the tax cap, while making cuts in other areas.

At present the overall budget appropriations for the town, which includes all funds, will be \$5,163,058 (\$5,009,294 in 2017). The amount to be raised by taxes will be \$ 2,458,892. 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 \$1.497 per \$1,000 taxable valuation. The fire protection district tax rate will be \$1.223 per \$ 1,000 taxable valuation. The drainage tax will be \$.017per \$1,000 taxable valuation. The highway tax rate will be \$.0578 per \$1,000 taxable valuation. 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 \$166.759, a decrease of about \$12.00 per unit from last year. This still covers 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 refuse 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 23, 2017 at 7:45 p.m.

Sincerely,

David L. Cummings
Supervisor - Town of Newstead