

## Town of Newstead – Budget Message for 2019

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 2 % for 2019 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 2019 has been prepared by the Town Supervisor, who is the budget officer for the town. It is submitted to the town board, citizens and taxpayers for review, consideration and 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 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 has no control over village, county or school taxes.

Each year we pass a resolution allowing us to go over the tax cap if necessary. To date we have avoided going over the tax cap. This year we will be going 5.4 % over the cap. State aid funding in most areas has not increased since 2011. Yet everything is going up except NYS retirement contributions. Minimum wage is rising another \$.70 per hour at the first of the year. This is a 7% increase over 2018. The state has added mandatory sexual harassment training with no compensation. Road salt is increasing 43%, gasoline and diesel costs are projected to increase about \$.50 per gallon, health care is overall rising 5-9%, insurance costs are going up at least 5%. Changes to the tentative budget by the town board may or may not put us over the tax cap.

Each year the various departments submit changes to their own portion of the budget. Then the Budget officer reviews that information and sets the tentative budget. Estimated revenues are projected to decease in 2019.

The overall budget appropriations for the town, which includes all funds, will be \$5,155,841. Amount to be raised by taxes will be \$ 2,668,896 . 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 \$1.5916 per \$1,000 taxable valuation. The fire protection district tax rate will be \$1.246 per \$ 1,000 taxable valuation. The drainage tax will be \$.023 per \$1,000 taxable valuation. The highway tax rate will be \$.295 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 \$166.761 , which is the same as 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 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 22, 2017 at 7:45 p.m.

Sincerely,

David L. Cummings  
Supervisor - Town of Newstead