

Town of Newstead – Budget Message for 2021

The 2021 budget has a couple of twists in it. We are dealing with COVID-19, and just completed revaluation of all properties in the town.

First, COVID-19. Not only is funding from federal and state governments uncertain, other revenue sources we typically receive (sales tax, court fines and fees) have dropped dramatically. Estimating incoming funds is like trying to hit a moving target. Add to that the fact that nobody knows how long the current conditions will last, and we're faced with a very trying situation.

Second, the reval. The town has not done a reval since 2012 (2007 before that), and it was necessary. Everyone has received their new property assessments, and overall assessed values have increased. A property owner's taxes are calculated by multiplying the assessed value of the property by a tax rate. To balance out the increased assessed values, normally the tax rate decreases, which has occurred in most areas of the 2021 budget.

The 2% property tax cap imposed by New York State persists in making the town budget difficult to formulate. The state cap, which is 1.56 % for 2021, presents a challenge by restricting town spending while at the same time mandates from the state and other entities continue to rise by 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 the tax levied by local governments to 2% or the rate of inflation, whichever is less. It can be overridden if 60% of the town board votes to do so each year. There are some exclusions and other factors that are part of calculating the cap levy limit. The state promised when the 2% law was put into effect there would be state mandate relief. This has not occurred.

As required by Town Law, the "Tentative Budget" for 2021 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's financial condition continues to be stable, yet as stated we are influx with all the unknowns we are facing now and in 2021. The goals to preserve reasonable levels of fund balance to operate and maintain facilities and set aside reserves for future infrastructure planning, all while staying under the governor's cap, makes for tough decisions. This will remain so unless the state delivers mandate relief. In the effort to fund programs, maintenance and upgrades, the town will continue to seek out grant and partnership opportunities. Remember, 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 every year except one. 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 decrease in 2021.

The overall budget appropriations in the town's tentative budget, which includes all funds, will be \$5,171,861. Amount to be raised by taxes will be \$ 2,823,639. 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 \$1.35 per \$1,000 taxable valuation, down about \$.29 per \$1,000 from 2020. The fire protection district tax rate will be \$1.054976 per \$ 1,000 taxable valuation. The drainage tax will be \$.024 per \$1,000 taxable valuation. The highway tax rate will be \$.489 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 \$171.00, slightly less than 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 26, 2020 at 7:15 p.m.

Sincerely,

David L. Cummings
Supervisor - Town of Newstead