

2009 LD 1 Worksheet – Instructions

1. 2008 Property Tax Levy/Limit for Municipal Services - This is the amount of property taxes raised in 2008 to fund municipal services only. In other words, it is the portion of the total property tax revenue used to fund municipal services (i.e., public works, police, office of the clerk, etc.). The figure entered on this line depends on whether the local legislative body (i.e., council or town meeting) stayed within the limit in 2008 or voted to increase/exceed the limit.

If your municipality ***did not*** vote to increase its 2008 municipal property tax levy limit, enter last year's property tax limit for municipal services on Line 1.

If your municipality ***did*** vote to increase its 2008 municipal property tax levy limit, this figure is calculated by using the information reported in the 2008 *Municipal Tax Assessment Warrant*. Subtract from the Municipal Appropriations figure reported on Line 2 the Total Deductions figure reported on Line 11. Neither the municipal appropriations figure nor the total deductions figure should include school appropriations or revenues.

2. 2008 Income Growth Factor (IGF) – The 10-year average growth in total personal income adjusted for inflation. The State Planning Office annually calculates this figure. For 2008 the IGF is 0.0228.

3. Property Growth Factor (PGF) – Growth in taxable property value. This is the value of property that has never before been taxed by the community, including new additions, new buildings and subdivisions. The PGF can be calculated in one of two ways:

A. The general method of calculating the PGF is as follows:

1. Value of new property taxed for 1st time as of April 1, 2008
(include new buildings, splits and additions to existing structures) \$ _____
2. Value of new personal property (positive values only) \$ _____
3. New Value Total (Line 1 plus Line 2) \$ _____
4. Total Taxable Value of Municipality (as of April 1, 2008) \$ _____
5. Property Growth Factor (Line 3 divided by Line 4) \$ _____

B. For a short-cut method, provided your municipality has not had a revaluation or a partial revaluation in the last year, the PGF can be calculated as follows:

1. 2007 Total Taxable Value of Municipality	\$ _____
2. 2008 Total Taxable Value of Municipality	\$ _____
3. New Value (Line 2 less Line 1)	\$ _____
4. Property Growth Factor (Line 3 divided by Line 2)	\$ _____

4. LD 1 Growth Limitation Factor – The Income Growth Factor in Line 2 plus the Property Growth Factor in Line 3.

5. Add 1 to Growth Limitation Factor – Add 1 to the Growth Limitation Factor calculated in Line 4. For example, if Line 4 is 0.0360, then enter 1.0360 on Line 5.

6. Net New State Funding – Net new state funding is calculated in one of two ways. If your municipality experienced an increase in revenue sharing between calendar year 2007 and 2008, use the “*net new revenue sharing*” formula outlined below (6A). If your community experienced a decrease in revenue sharing between calendar year 2007 and 2008, use the “*loss of revenue sharing*” formula outlined below (6B).

6A - Net New Revenue Sharing. If a municipality experienced an increase in revenue sharing between *calendar years* 2007 and 2008, “net new state funding” is calculated by adjusting the 2007 revenue sharing amount by the property growth factor and subtracting that result from the 2008 revenue sharing amount. For example, if a community received \$50,000 in revenue sharing in 2007, had a Property Growth Factor of 1.0360 and received \$60,000 in revenue sharing in 2008, the “net new state funding” would be \$8,200. As a result, the community **must** reduce its Property Tax Levy Limit, calculated in Line 8, by \$8,200.

A. 2007 Revenue Sharing	\$ 50,000
B. Adjusted 2007 Revenue Sharing	\$ 51,800
C. 2008 Revenue Sharing	\$ 60,000
D. Net New State Funding (Line C less Line B)	\$ 8,200

6B - Loss of Revenue Sharing. If a municipality experienced a decrease in revenue sharing between *calendar years* 2007 and 2008, “net new state funding” is calculated by subtracting the 2007 revenue sharing amount from the 2008 revenue sharing amount. For example, if a community received \$50,000 in revenue sharing in 2007 and received \$45,000 in revenue sharing in 2008, the “net new state funding” would be \$5,000. As a result, the community **may** increase its Property Tax Levy Limit, calculated in Line 8, by \$5,000.

A. 2007 Revenue Sharing	\$ 50,000
B. 2008 Revenue Sharing	\$ 45,000
C. Net New State Funding (Line B less Line A)	\$ 5,000

7. Multiply Line 1 by Line 5. This calculation yields the community's property tax levy limit before adjusting for revenue sharing.

8. 2009 Property Tax Levy Limit. This calculation is the community's "revenue sharing adjusted" property tax levy limit.

9. 2009 Municipal Appropriations. This figure is found on Line 2 of the Municipal Tax Assessment Warrant. Do not include any school appropriations.

10. 2009 Total Deductions. This figure is found on Line 11 of the Municipal Tax Assessment Warrant. Do not include any school revenues.

11. 2009 Municipal Property Tax Levy. Property taxes needed to fund municipal services in 2009 (Line 9 less Line 10).

12. Over/(Under) Limit. Line 11 less Line 8. If the figure on this line is positive, the community is over its LD 1 limit. If the figure on this line is negative, the community is under its LD 1 limit.

Overriding the LD 1 Limit – Town Meeting Communities

Exceeding LD 1 Limit

The local legislative body is authorized to “exceed” the LD 1 limit to address certain “extraordinary circumstances”, outside the control of the local legislative body. The “extraordinary circumstances” provided in the law are: 1) catastrophic events such as natural disaster, terrorism, fire, war or riot; 2) unfunded or underfunded state or federal mandates; 3) citizens’ initiatives or other referenda; 4) court orders or decrees; or 5) loss of state or federal funding.

The legislative act of “exceeding” the limit ***does not alter*** the property tax limit that will form the base of the calculation of the municipality’s property tax limit for the next year.

For example, if the municipality’s property tax levy limit is \$500,000, and the voters approve “exceeding” the limit by \$50,000 in order to rebuild the town office destroyed by fire, when the town begins to calculate its property tax limit for the following year, the levy limit upon which that calculation is based will be \$500,000, not the actual commitment of \$550,000.

Wording of the article for *exceeding* LD 1 Limit (written ballot):

Article X: To see if the town will vote to exceed the property tax levy limit established for (name of town) by State law, due to extraordinary circumstance outside the control of the municipal legislative body; namely (here set forth the reason or reasons related to one or more of the five criteria set out in LD 1, for example: the loss of the town hall due to fire, the reconstruction of the section of Main Street washed out by flooding or in order to construct a federally mandated storm water treatment system).

Increasing LD 1 Limit

The local legislative body is authorized to “increase” the LD 1 limit under its home rule authority without reference to any “extraordinary circumstances” or other particular reason.

The legislative act of “increasing” the limit ***does alter*** the property tax limit that will form the base of the calculation of the municipality’s property tax limit for the next year.

For example, if the municipality’s property tax levy limit is \$500,000, and the voters approve “increasing” the limit by \$50,000, a decision for which no justification or reason is required by LD 1, the starting point upon which the subsequent year’s calculation would be based is the increased limit of \$550,000.

Wording of the article for *increasing* LD 1 Limit (written ballot):

Article X. To see if the town will vote to increase the property tax levy limit of \$ _____ established for (name of town) by State law in the event that the municipal budget approved under the preceding articles will result in a tax commitment that is greater than the property tax levy limit.