

**WESTBROOK CITY COUNCIL
FINANCE COMMITTEE MEETING MINUTES
MONDAY JULY 8, 2019
WESTBROOK HIGH SCHOOL, ROOM 114**

CALL TO ORDER

Meeting called to order at 6:30pm by Committee Chair Michael Foley.

City Councilors Present: Victor Chau (Ward 2); Michael T. Foley (At-Large); Lawrence McWilliams (Ward 5); Ann E. Peoples (At-Large); Gary Rairdon (Ward 4, President); Brendan Rielly (Ward 1); Anna A. Turcotte (Ward 3, Vice President)

Other City Officials Present: Jerre Bryant (City Administrator); Suzanne Knight (Finance Director); Dena Lebeda (Tax Collector); Ashley Rand (Deputy City Clerk); Michael Sanphy (Mayor); Jim Thomas (Assessor)

TAX VALUATION UPDATE

Committee Chair Foley gave the floor to Mr. Bryant, who presented information relating to the most recent update pertaining to the valuation update. Mr. Bryant read the following into the record:

The City Council adopted a municipal budget that held municipal spending to a 2.58% increase and an overall increase in property tax need of 3.3%. Since that time, we have experienced three significant impacts, one positive and two negatives.

1. First the positive, the State legislature adopted a budget that increased Municipal Revenue sharing this year by 3% rather than the 2.5% proposed by Governor Mills. That increases revenue to the City of Westbrook by \$261,344.
2. Now the negative, that entire increase is more than offset by reductions in other state funds to Westbrook. Due to the lower tax rate, the State's reimbursement for tax exemptions on new business equipment (a/k/a Personal Property Tax) is down by \$181,360 and a similar state reimbursement for a portion of the \$20,000 Homestead Exemption is down by \$93,502. Combined, the two revenue losses more than wipe out the gains achieved in Municipal Revenue Sharing. Additionally, the State's Business Equipment Tax Exemption lowers Personal Property Tax Revenues for Westbrook by \$596,737, shifting that amount to the Real Estate Side of the Property Tax.
3. The City also experienced much greater than anticipated growth of property tax values in its TIF districts. While this is a positive for the overall economic health of the community and region, all TIF dollars have to flow through the Municipal Budget. The inflated expenditures are offset by higher tax revenue, it reflects a \$500,000 higher expenditure level than was previously reflected in the municipal budget.

The net impact of all these factors turns a 3.3% increase in property tax needs into a 4.95% increase in property tax needs. The valuation update will increase the city-wide property tax valuation by \$324,151,400 or 17.23% and will reduce the property tax rate by 10.48% (12.67% below what it would have been without the valuation update). The new property tax rate will be \$17.86. While the valuation update will impact individual properties differently, the average net increase in property tax bills will be between 4% and 5%.

The following individuals presented questions and/or comments: Mr. Thomas, Mr. Bryant

ADJOURNMENT

Motion to adjourn at 7:39pm

Moved by Councilor Peoples, seconded by President Rairdon.

Motion carried by a show of hands. None opposed.