

STATE GOAL

To plan for, finance, and develop an efficient system of public facilities and services to accommodate anticipated growth and economic development.

LOCAL GOALS

Clifton will sustainably develop infrastructure, human resources, and services to support the greater community needs as its first priority.

Clifton will assist its most vulnerable households where possible by helping to build relationships and networks resulting in sustainable and improved lives.

Clifton will work to build harmonious and well-coordinated relationships among its Boards, staff, and volunteers creating a positive customer interface for people and entities creating economic growth and overall vitality for the community.

Clifton government and staff will maintain close connections with pre-k through 12th grade educational business partners ensuring fairly priced, high quality curricula, teachers, staff, and extra-curricular activities are available for its citizens.

CLIFTON: FISCAL SUSTAINABILITY – AN ENDURING MISSION

Municipal officials need sufficient knowledge of the town’s financial picture to make informed decisions and to assure the voters and taxpayers that the town’s money is being handled in a secure, honest and responsible way. Presently, town government and municipal finance are in excellent condition and all external audits report no negative findings.

Since the last Comprehensive Plan, Clifton managed through the final disposition of the Leon Williams Lumber Mill property and upon closing of all legal matters, caught up financially. When the Pisgah Mountain Wind Energy project completed construction in late 2017. Currently, the town benefits from a Tax Increment Financing (TIF) policy developed after the Pisgah Mountain Wind Energy project came on-line. TIF is a powerful tool that enables municipalities to self-finance redevelopment programs. TIF funds can pay for public improvements and other economic development incentives using the increased property tax revenue the improvements generate. In Maine, use of a TIF enables a municipality to continue to receive gross revenues (albeit targeted towards particular resources), and not have the revenue stream count towards reducing state subsidies for schooling to name one big advantage.

Town capital assets such as its real property holdings and structures are in excellent repair due to sustainment efforts subsequent to the construction completed now almost 20 years ago. Leadership of the Town evolved over the past 20 years and for the past several years the Select Board demonstrated vision and thoughtfulness towards future needs and opportunities in the hopes of creating an attractive environment for families and visitors.

STATE VALUATION

The State of Maine places a total valuation on the town. This value is known as the State Valuation. Every year all arms-length sales that have occurred in each community are

reviewed by the Maine Revenue Services Property Tax Division. (An arms-length sale is a sale that occurs between a willing seller and a willing buyer without any extenuating circumstances. Examples of non-arms length sales could be estate sales, interfamily transfers, foreclosure sales and auctions.) The Division compares these sales to the Town's local assessed values to determine the assessment ratio or the percentage of market value that the town is assessing. This state valuation then determines the amount of revenue sharing the town will receive and the portion of the county tax that the municipality will pay. This also figures in to the apportionment towards the school district as discussed in the Public Facility and Services chapter.

The table below shows the overall tax picture for the town since publication of the last Comprehensive Plan.

TOWN OF CLIFTON ASSESSED VALUES AND TAX RATES								
YEAR	MUNICIPAL VALUATION	RATE OF CHANGE	STATE VALUATION	RATE OF CHANGE	MIL RATE	RATE OF CHANGE	TAX COMMITMENT	RATE OF CHANGE
2007	\$66,879,200	2.97%	\$54,900,000	5.17%	10.3	3.00%	\$688,856	6.06%
2008	\$67,354,000	0.71%	\$64,950,000	18.31%	10.7	3.88%	\$720,688	4.62%
2009	\$67,463,200	0.16%	\$72,200,000	11.16%	11.1	3.74%	\$748,842	3.91%
2010	\$68,672,200	1.79%	\$74,750,000	3.53%	11.8	6.31%	\$810,332	8.21%
2011	\$68,951,300	0.41%	\$74,950,000	0.27%	12.6	6.78%	\$868,786	7.21%
2012	\$68,871,100	-0.12%	\$73,800,000	-1.53%	12.1	-3.97%	\$833,340	-4.08%
2013	\$71,549,100	3.89%	\$72,100,000	-2.30%	12.6	4.13%	\$901,518	8.18%
2014	\$72,072,300	0.73%	\$71,850,000	-0.35%	12.6	0.00%	\$908,111	0.73%
2015	\$72,767,700	0.96%	\$73,000,000	1.60%	14.3	13.49%	\$1,040,578	14.59%
2016	\$72,220,600	-0.75%	\$73,500,000	0.68%	14	-2.10%	\$1,011,088	-2.83%
2017								
2018								
DELTA	\$5,341,400	8.00%	\$18,600,000	33.90%	3.7	35.90%	\$322,232	46.80%

MIL RATE DEVELOPMENT

After the Town's budget approval and all applicable state and local revenue deduction from the approved expenditures, the Town arrives at the dollar amount to raise through tax revenues. This amount is the net commitment or appropriation. The local assessor arrives at a valuation for each taxable property in the Town and the taxpayers receive assessments for their share of the tax burden through a mathematical calculation. The assessor divides the total appropriation is then divided by the total taxable or assessed valuation of the Town to arrive at the minimum tax rate. This rate is usually expressed in dollars per thousand of valuation, or in decimal form, commonly referred to as the mil rate. The mil rate in Clifton for 2002 was \$16.50 per thousand of valuation. Between 2007 and 2016, Clifton taxpayers experienced an increase of \$3.70 in the mil rate, a 35.9% rise. This was more than four times the rate of increase in

valuation of 8.0%.

TOWN OF CLIFTON TAX BURDEN						
Year	Mil Rate	Commitment	Median Household Income	Average Sale	Tax on Median Home	Tax Paid as % of Median Income
2001	15.6	\$576,964	\$36,111	\$86,755	\$1,353.38	3.75%
2015	14.3	\$1,040,578	\$43,750	\$144,600	\$2,067.78	4.73%

To measure the tax burden at the community level, the 2015 mil rate of 14.3 is presented in the above table. Two measures are used to illustrate the tax burden on the taxpayer level, tax paid on a median valued home and tax paid on a median valued home as a percent of the median household income. For the hypothetical average Clifton taxpayer with a household income of \$43,750, owning a home with a current market value of \$144,600 that taxpayer would have paid a property tax of \$2,067, or 4.73% of the household's income.

EXEMPTIONS

Maine State law provides for tax exemptions for certain properties. The table below lists exemptions reported by the Town of Clifton. Since exemptions are by Maine statute, the Town must grant all applicable exemptions. The State reimburses the municipality for a portion of all exemptions or credits enacted after April 1, 1978. However, in many communities the number of exempt properties is increasing which decreases the municipal tax-base. If the amount of these exemptions is a significant percentage of a town's valuation or there are sudden increases in exempted properties, it becomes very difficult for the community to maintain a constant tax rate.

TOWN OF CLIFTON REPORTED EXEMPTIONS					
	2016	2015	2014	2013	2012
Municipal Corporations	\$499,700	\$499,700	\$499,700	\$499,700	\$797,300
Benevolent and Charitable Organizations	\$3,359,700	\$3,291,900	\$3,291,900	\$3,291,900	\$3,288,900
Literary and Scientific Organizations	\$116,300	\$116,300	\$116,300	\$116,300	\$116,300
Churches/Parsonages	\$239,000	\$239,000	\$239,000	\$239,000	\$239,000
Veteran Exemptions	\$156,000	\$132,000	\$138,000	\$132,000	\$138,000
Blind Exemptions	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Total Exemptions	\$4,378,700	\$4,286,900	\$4,292,900	\$4,286,900	\$4,587,500

In addition to the exemptions listed in the table above, the State of Maine provides property owners exemptions as an incentive to provide affordable lifestyles and preserve the rural character and maintain the natural beauty and habitat of our state. See below for an explanation for other exemptions available in Maine: Farm Tax Law, Tree Growth Tax Law and Homestead Exemption.

Farm and Open Space Tax Law

M.R.S.A Title 36 Chapter 105 Subchapter 10 defines the purpose of the Farm and Open Space Tax Law as “It is declared that it is in the public interest to encourage the preservation of farmland and open space land in order to maintain a readily available source of food and farm products close to the metropolitan areas of the State to conserve the State’s natural resources and to provide for the welfare and happiness of the inhabitants of the State, that it is in the public interest to prevent the forced conversion of farmland and open space land to more intensive uses as the result of economic pressures caused by the assessment thereof for purposes of property taxation at values incompatible with their preservation as such farmland and open space land, and that the necessity in the public interest of the enactment of this subchapter is a matter of legislative determination.”

This law allows for municipal assessors to adjust the 100% valuations per acre for farmland by whatever ratio or percentage of current just value is then being applied to other property within the municipality to obtain the assessed values. For any tax year, the classified farmland value must reflect only the current use value for farm or open space purposes and may not include any increment of value reflecting development pressure. Commencing April 1, 1978, land in the organized areas subject to taxation under this subchapter must be taxed at the property tax rate applicable to other property in the municipality, which rate must be applied to the assessed values so determined. There are no parcels listed in the Farm and Open Space Program in Clifton.

Tree Growth Tax Law

M.R.S.A Title 36 Chapter 105 Subchapter 2-A defines the purpose of the Tree Growth Tax Law “...to tax all forest lands according to their productivity and thereby to encourage their operation on a sustained yield basis...” The law is in response to the notion that the public interest of the State would be best served by encouraging forest landowners to retain and improve their holdings of forest lands upon the tax rolls of the State. The goal of this law is to promote better forest management and protect the economic and recreational viability of this land.

Participation is voluntary and not mandated; however, participation requires “the unanimous consent of all owners of an interest in a parcel, except for the State, which is not subject to taxation ...” Furthermore, if land is withdrawn from the program, penalties will be assessed to the land owner. To participate in the program a property owner of a parcel containing forestland (no less than ten acres) enrolls by filing with the local assessor. For purposes of the program, a parcel is “deemed to include a unit of real estate, notwithstanding that it is divided by a road, way, railroad or pipeline, or by a municipal or county line.” A parcel of land used primarily for growth of trees to be harvested for commercial use shall be taxed according to the requirements of M.R.S.A. Title 36 Chapter 105 §574-B.

Unlike, Farm Tax Law, Clifton has a significant amount of its land registered under the Tree Growth Tax Law. Table 4 shows the number of parcels, acres, type of wood and total valuation of all land in the Town enrolled in the tree growth tax program. In 2002, these parcels accounted for 62.71 % of the town’s acreage and 7.52% of the Town’s valuation. No penalties

were listed by the Maine Revenue Service for the years shown. In 2002, Clifton received \$17,398 in tree growth reimbursement, or about \$1.31 per acre registered.

TOWN OF CLIFTON LAND IN TREE GROWTH (ACRES)					
	2016	2015	2014	2013	2012
Softwood	3,064.00	3,064.00	3,081.00	3,087.00	3,099.00
Mixed	6,810.00	6,801.00	6,768.00	6,775.00	6,657.00
Hardwood	3,968.00	3,964.00	3,958.00	3,953.00	4,043.00
Number of Parcels	79	78	75	75	76
Total Valuation	\$1,996,505	\$1,685,331	\$1,683,842	\$1,683,161	\$1,576,640

Homestead Exemption

The estate up to the just value of \$15,000 of the homestead of a permanent resident of the State of Maine who has owned a homestead in the State for the preceding 12 months is exempt from taxation except for assessments for special benefits. In determining the local assessed value of the exemption, the assessor multiplies the amount of the exemption by the ratio of current just value upon which the assessment is based.

The municipal assessor will annually evaluate the eligibility of property for which a homestead exemption has been approved. The evaluation is based on the status of the property on April 1 of the year in which the homestead exemption is based. If the assessor determines that the property is no longer entitled to an exemption under State law, the assessor will notify the owner that the property is no longer entitled to an exemption. In 2016, the Town of Clifton received \$22,638 in reimbursement from the State for homestead exemptions. Table 5 shows the Town's homestead exemptions from 2012 to 2016.

TOWN OF CLIFTON HOMESTEAD EXEMPTIONS					
	2016	2015	2014	2013	2012
Homestead Valuation	\$2,924,400	\$1,980,000	\$1,990,000	\$1,990,000	\$2,000,000
Number of Homestead Exemptions	195	198	199	199	200

MUNICIPAL APPROPRIATIONS

Municipal appropriations are monies raised to support town government and deliver the services residents expect. The next table shows over the past decade, this total increased from \$119,864 to

\$271,799, an annual average increase of 12.68%. The major category of increased budget was in general government, rising from \$23,640 in 1993 to \$114,748 in 2002. This is a direct result

of there being no Town Office open for the public and there were no municipal employees in 1993 and by 2002, the Town had acquired a modern municipal building where two employees are available 38 hours per week for citizens needing to conduct business with the Town.

The Health and Sanitation budget went from \$21,000 in 1994 to \$41,678 in 2003, an average annual increase of 9.85% (as shown in Table 6). Collection costs experienced modest increases while disposal costs rose due both to increased tonnage collected and increased tipping fees at PERC. However, under contract terms with PERC, through affiliation with MRC, solid waste disposal tipping fees have been negotiated at \$45 per ton until 2018. Additional bulky waste clean-ups also increased the Waste budget.

Public Works appropriations had major increases in the last two years as the Town tried to improve its roads. The Protection budget comprises the Fire and EMS contract, street lighting, hydrant rental fees, animal contract, and the forest fire account. The 8.14% annual increase reflects the increase in the Fire and EMS contract from \$7,000 in 1993 to \$12,000 in 2002. (In 2001, there was an unbudgeted supplemental appropriation of \$5,036 for forest fire expenditures.)

General Assistance has remained at \$2,500. Social Services consists mainly of appropriated donations to the Clifton Public Library, the Clifton Historical Society, the Eddington/Clifton Civic Center and small donations to several not-for-profit entities. This budget item showed little increase. Since 2001, the Recreation budget has included an appropriation for the Clifton Area Snowmobile Club as well as the long-standing Holbrook Recreation League. Snowmobile license fees collected by the Town are transferred annually to the Club for expenses related to safety programs and trail maintenance.

The Cemeteries budget increased 300% over the ten years due to two major factors -- the Town now contracts for maintenance and the Town has been trying to expand and improve the cemeteries.

It has been the accounting practice of the Town to include capital improvement items within the municipal appropriation. Prior to 1998, most of the appropriations were for monies to be added to capital reserve accounts. Appropriations for capital road projects were often buried within general maintenance monies, or occasionally funded as a special project. Recent improvements to the Town's accounting practices will make it easier to track capital improvement appropriations and expenditures and remove them from operating budgets. In 2002, the Town raised no money for capital reserve accounts or for special projects.