

Press Release April 29, 2008

Mayor Daniel J McKee of Cumberland has announced that the property tax that has been recently reported at \$12.56 has been reduced to \$12.38. McKee reports, "The new rate is equal to the 4% increase that was projected in last year's budget."

The process of establishing a new tax rate has been complicated by the fact that this year's state mandated revaluation has reported a loss of over \$100 million dollars in real estate assessments and the fact that the tax cap ordinance needed to be amended to work when assessed values decrease during a revaluation year.

When property assessments increase, as has happened in the past three revaluations, the tax rate is adjusted lower in order not to overtax taxpayers. But, when property values decrease, as occurred this year, the rate is adjusted higher to collect the needed taxes to balance the budget and avoid a deficit. McKee stated, "For example, if totaled assessed value is \$10,000 and you need to collect \$100 in taxes to fund the budget then the tax rate would be \$10 per thousand but if after revaluation the assessed value decreased to \$5,000 then in order to collect the same \$100 dollars in taxes the rate would be increased to \$20.

This year we projected a 4% tax increase and if there were no revaluation the rate would have increased 4% from \$11.53 to \$11.99 but because the assessed values decreased the rate needed to adjust up to \$12.38 to collect the same amount of taxes that would have been collected at \$11.99 if assessed values did not change.

While most property values decreased, some remained the same and others increased. The revaluation will cause some taxpayers to pay more while others will pay less taxes or about the same. But, on average taxpayers will pay 4% more which is consistent with this year's 4% tax cap.

Further complicating matters is the pending reduction of state aid to Cumberland. Last week the House passed the Governor's budget amendment that will decrease Cumberland's state aid by more than \$300,000. Now the Senate will decide if cities and towns will be cut.

Mayor McKee has stated that, "I am counting on our Senators to do the right thing and not support cutting state funding this late in the year. If they do cut the 300K then we will do our best not to end the year with a deficit. Regardless, in this time of economic hardship saving taxpayers money by reducing the rate from \$12.56 to \$12.38 is the right thing to do."

McKee added, "Last week Moody's confirmed that Cumberland will maintain its' A bond rating, that was restored from junk bond levels during my administration in 2004. But, Moody's placed Cumberland on a negative watch in part because of the two consecutive years of deficits during the Iwuc administration. Keeping our A bond rating is a top priority so we must eliminate the mistakes of past administrations and mail the bills out on time and avoid future deficits."

