

Understanding the Estimated Tax Impact of a Warrant Article

The “estimated” tax impact noted on a warrant article is based only on the amount of the appropriation in the article and the total property valuation of the town.

The actual setting of the tax rate (completed in the fall) also involves any revenue received by the town. After a tax rate is calculated, the Board of Selectmen then has the option to use unreserved fund balance (surplus) to offset the rate and lower the tax impact.

The “estimated” rate stated on the warrant assumes there is **NO** revenue to offset the expenses, so this is basically a “worst-case scenario” because there is always revenue coming into the town. Unfortunately we can’t say in January what the actual revenue will be for the entire calendar year.

Remember:

A tax rate reverts back to “0” on January 1. Any appropriations voted in March will build up the tax rate from zero.

Potential articles to be approved by voters and estimated tax impacts in 2020 are:

Article 2	6.57
Article 3	0
Article 4	.56
Article 5	.02
Article 6	.23
Article 7	.05
Article 8	.19
Article 9	.02
Article 10	.08
Article 11	.01
Article 12	.01
Article 13	>.01
Article 14	>.01
Article 15	.01
Article 16	>.01
Article 17	0
Article 18	0
Total	7.78

IF all articles pass, this estimates a **total town** tax rate of \$7.78/thousand – **not in addition** to the \$26.96 tax rate from 2019. **BUT**, this is assuming **NO** revenue – and there will be revenue. **AND**, the valuation of property in town will have updated figures for 2020 at the time of the setting of the rate and will include increases based on new properties and improvements to existing properties.

Example: The total estimated tax impact on the warrant articles approved in 2019 was \$8.07, but after all the factors were used in the calculation of the tax rate, the actual town tax rate in 2019 was \$4.76.