

Resolve 5 -04/05

Passage 10/4/04 9-0

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CITY OF PORTLAND
IN THE CITY COUNCIL

PETER E. O'DONNELL (A/L)
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NICHOLAS M. MAVODONES (A/L)

**RESOLUTION OF THE CITY COUNCIL OF PORTLAND
AUTHORIZING OPPOSITION TO PALESKY TAX CAP**

WHEREAS, the Palesky tax cap proposal, so-called, will be put to a vote in the general election on November 2, 2004; and

WHEREAS, the Palesky proposal establishes an inflexible 1% property tax cap on every town and city in the State, regardless of the interest within each municipality to provide for the health, welfare, safety and education of its citizens; and

WHEREAS, the Palesky proposal would change the method of assessing property in a manner that violates Maine's Constitution according to an advisory opinion of the Justices of the Maine Supreme Judicial Court but the 1% cap would still go into effect; and

WHEREAS, the Palesky 1% property tax cap would reduce the City of Portland's municipal and public school operating budgets by approximately \$41.2 million each year (37% of all property taxes currently collected) even when calculated most favorably given its constitutional flaws and even following a municipal-wide revaluation; and

WHEREAS, the budget cuts caused by 1% property tax cap would result in irresponsible reductions in municipal and educational services in this City that would not be in the best interests of individual or business residents; and

WHEREAS, the long-term impact of the Palesky proposal will be a shift in control over local government affairs away from the City Council and voters of the City and to the State; and

WHEREAS, the State cannot adequately or efficiently perform the local services that would be reduced or eliminated as a result of the proposed 1% cap, nor does the Council believe that the State can or will fund the cost of these services particularly in the light of the State's own budget deficit and the budget driven reductions the State has already made in a number of its services such as liquor law enforcement; and

WHEREAS, the proposed tax cap would provide no benefit to the 50% of Portland residents who rent but do not own their homes, nor will the cap provide any benefit to the residents of 77 Maine communities whose tax rates are already below 1% but will provide substantial benefits to non-resident businesses and individuals who own property in Maine; and

WHEREAS, Maine's voters have already put positive changes into motion by adopting the School Finance and Tax Reform Act of 2003 on June 8, 2004 (School Finance Initiative) which,

if properly funded by the State, will provide some property tax relief in the form of increased state funding for education, require a specific plan to control Maine's overall tax burden, and establish funds to encourage more efficient delivery of governmental services; and

WHEREAS, the tax cap does not apply to state or county government and contains no limits on government spending, or increases in state taxes, and therefore shifts the tax burden away from non-resident property owners and onto Maine residents; and

WHEREAS, on July 19, 2004, the Portland City Council endorsed the concept of government spending limits as one way to reduce Maine's tax burden, and supported the concept of returning to property tax payers any "new money" received by the City as a result of implementation of the School Finance Initiative.

NOW THEREFORE, the Portland City Council hereby resolves as follows:

- (a) To oppose the Palesky tax cap proposal because it is not in the best interests of the residents of Portland and the entire State;
- (b) To press for the speedy implementation of the School Finance Initiative requiring the State to pay 55% of the cost of K-12 education in order to provide property tax relief;
- (c) To analyze and consider alternative measures for tax relief focused on limiting the growth of government spending; and
- (d) To authorize the City Manager to participate in such activities as he deems necessary and appropriate in furtherance of this Resolution.