



LITTLE COMPTON TAXPAYERS ASSOCIATION

• • NEWSLETTER • •

PO Box 455, Adamsville, RI 02801

EEmail: Taxpayers@cox.net

Web: www.LCTaxpayers.com

Officers

Chairman: Bob Hayden

1st Vice Chair: Roy Bonner

2nd Vice Chair: Pat Parente

Sec/Treas: Roger Lord

April 1, 2007

Vol. VV, No. 1

Property Revaluation: All households and businesses that pay property taxes in Little Compton recently received a letter indicating the latest assessed value of their property. In most cases the values went up significantly over what they were when the last assessment was done in 2004. A common conclusion has been that there will be a significant jump in the property taxes people will have to pay. The Little Compton Taxpayers Association has done some investigation to ascertain whether or not this is the case.

This revaluation is a "statistical update" in that it was done using the property data on record and current market values based upon real estate sales over the past three years. The appraisals were done by Vision Appraisal Technology of Northborough, MA. No actual visits were made by Vision except for new construction built (or under construction) within the last three years.

The new assessment does not necessarily mean that the homeowner will be required to pay a larger tax bill. This statistical update is "revenue neutral" in that the tax rate will be adjusted downward to reflect the higher assessments. There is no windfall for the Tax Collector. In general, if the tax base goes up by 20%, then the tax rate must come down by 20%. If everything else stays the same, a property owner should not see a tax increase. It is important to note, however, that factors were applied to certain properties (e.g., water view) that could result in a higher tax bill.

The actual tax rate will not be determined until the conclusion of the next Financial Town Meeting in May where next year's budget will be put to a vote.

The LCTA advises all homeowners to carefully examine their statements from Vision Appraisal Technology for errors. Taxpayers should not worry that this statistical update is a means of compelling homeowners and business owners to pay disproportionately higher taxes than before. For those with access to the Internet, the basis of the new appraisals can be viewed at the following web site (click on the link):

<http://www.visionappraisal.com>

For those who like to compare, the web site allows them to view other properties as well as their own.

For a more detailed report on your new assessed value, you may wish to visit the Tax Assessor's office and ask for a copy of your "Field Card" and any other cards that you believe may have a bearing on your assessment. A modest cost of one dollar is charged for each Field Card.

Tax Relief? It is very rare, but every now and then the Rhode Island Legislature does something that actually benefits the taxpayers. Such is the case with two new laws that put upper limits on how much a Rhode Island town or city can tax its citizens.

In the past, we followed the "5.5% Tax Cap" law which limited the annual increase in the tax rate to 5.5% over the previous year (RI Gen Law 44-5-2). The boundaries of the municipal and school budgets were entirely up to the town as long as the tax rate increase was at or below 5.5%. Often times, the school budget request was double digits forcing the municipal budget to shrink to sometimes unmanageable levels.

This has all changed. The "5.5% Tax Cap" law should now be called the "4% Tax Cap" law (explained below) and it applies to the tax "levy" rather than the tax rate (the levy is the amount of taxes collected from the taxpayers). Moreover, the law that governs the school budget (RI Gen Law 16-2-21) has also been modified to hold the school budget to the same standard. This is a fact of monumental significance!

The change from tax RATE to tax LEVY is explained as follows. The RATE is the amount of taxes one pays per thousand dollars of assessed value. It is currently \$5.00 per thousand. If a home is valued at \$400,000, the tax assessment is \$2,000. If newcomers to Little Compton built homes collectively valued at \$10 Million, the Town would automatically collect a windfall of \$50,000 in new taxes without having to raise the tax rate to get it. This is exactly how the Town's budget has grown so much over time. Under the new law, the Town can collect the \$50,000 in new taxes only if it reduces the tax rate for everybody else!

The new laws have an ultimate goal of limiting the maximum allowable increase in collected taxes (the levy) to 4% each year. But the plan is to ease into this new Tax Cap by reducing the amount by 1/4% per year until it reaches 4% according to the following schedule:

FY-2008	5.25%
FY-2009	5.00%
FY-2010	4.75%
FY-2011	4.50%
FY-2012	4.25%
FY-2013	4.00%

Needless to say, some municipal and school officials are not very happy with these new laws. The days of confiscatory taxing are gone. Due to very good leadership

in both the municipal and school organizations, the last two years have kept Little Compton's tax rate hikes to within the old 5.5% tax cap. The challenge for them begins with the FY-08 budget that we will vote on at this year's Financial Town Meeting (May 22nd). The school has held its increase to 4.8% according to the budget it has submitted to the Budget Committee. The municipal side has more work to do as of this writing.

As the Tax Cap continues to shrink over the next few years, there will have to be some changes in the way town business is conducted in order to stay within the law. The areas of expected change are:

- Labor contracts will have to reduce the costly benefits and salary increases that always seem to be more than the inflation rate.
- Pension benefits must change to make it more difficult to earn them, and to be less generous to those who already have them.
- Co-pays for health insurance will have to be increased (or started in some cases) to bring the benefit more in line with the private sector.
- Outsourcing (i.e. contracting) functions currently performed by Town employees will have to take place as the private sector generally provides certain services at more affordable rates.
- Pressure to seek outside revenue sources will increase dramatically. The Town Council will institute "user fees" wherever possible. As an example, there's already talk about a requirement to buy special bags to dispose of your trash at the Transfer Station. A fee for this, and a fee for that. That will become the norm.

Prior to the changes in the law, the Council had already established a "Revenue Committee" charged with finding revenue sources both within and outside the Town. This committee is doing a good job and deserves credit.

There are complications. Some expenses are not subject to the Tax Cap and beyond the town's control. Examples are high school tuition, utilities, fuel, snow removal, and town insurance. Large increases in these expenses will put added pressure on the town/school budgets.

Will the RI Legislature cave in and ease the rules? Will the School invoke the Caruolo Act as Portsmouth did to sue the Town for more money? Will the unions recognize the problem and lessen their demands? Time will tell. As of today, it appears as though the Legislature truly wants to change the State's reputation for excessively high property taxes. Will they hold their ground? Let's see. After all, this is Rhode Island!

For now, enjoy what appears to be tax relief even though your taxes will still go up. They just won't go up as much as they would under the old rules.

School Budget/Surplus: Your Little Compton Taxpayers Association monitors no budget in Little

Compton more than the School Budget. Why? It's the biggest budget in Town. Each year we look at what they ask for, what they get at the Financial Town Meeting (FTM), how they spend it, and whether we're getting our money's worth. There is a Taxpayers Association representative at every School Committee meeting to see how that plays out. We probe, analyze, and make suggestions.

During the last two years, things have dramatically improved. Gone are the days of 10-17% requests; knockdown, dragged out FTM's; non-answers by Administrators; secrecy, etc. The new Administration and the School Committee are taking their two-fold duty much more seriously. They are charged by State law with providing a quality education and spending the taxpayers' money in a business-like manner. Last year (FY-07) they asked for and received 5.5%. For next year (FY-08), they have requested 4.8%. We applaud the newfound sense of reasonableness and seriousness of purpose. The performance of our students in the last two years has steadily increased, and LC is now one of the top performers in the State. We're seeing a push to improve curriculum, to purchase new textbooks and supplies for students, and to do much needed maintenance, which had been sadly neglected in the past.

State law does not allow School Committees to deficit spend, and, unlike other communities such as Portsmouth, Johnston, East Providence, and Woonsocket, Little Compton doesn't deficit spend. If the School can't have a deficit, then it stands to reason the School will have a surplus of some amount. Every budget has to have money that can be directed toward an unforeseen expense/emergency (Special Ed., roof leak, etc.). **The two important questions are: (1) What is the right amount or percentage? (2) What should the surplus be spent on?** The reason we ask these questions is that a school surplus by State law can be spent as the School Committee sees fit. We will watch to see how they do that.

Ending FY-05 the School had a carry-over of \$218,370. At the end of FY 06, the surplus grew to \$442,641. Approximately \$100,000 has been awarded to bidders to replace the fire alarm system and install fire-resistant doors in compliance with new State Fire Codes enacted in the aftermath of the Station Night Club Fire. They also spent \$15,000 on electric energy conservation (National Grid will kick in approximately \$45,000) which will produce significant energy/cost savings in the future. They have other maintenance projects and curriculum needs in the works. This will come from the School Carry-Over/Surplus. The Superintendent and School Committee have repeatedly said that Carry-Over/Surplus will only be used for non-reoccurring expenses, not salaries and benefits. Also, the Superintendent has stated that large surpluses are a thing of the past. At this time, the FY-07 surplus is estimated to be approximately \$70,000 or 1.1% of the budget. This appears to be reasonable. **However,**

the jury is still deliberating over how much in money or percentage is a reasonable amount to have as a Carry-Over/Surplus! We will continue to monitor and analyze carefully.

CAFS IS COMING: Hear Ye! Hear Ye! CAFS is coming. If we still had a Town Crier, that would be the word that he would be spreading for everyone to hear the news. It's true.

Our firefighters have been severely challenged in the past due to a very limited supply of water and available personnel trained to combat fires. A Compressed Air Foam System (CAFS) with its enhanced ability to quickly extinguish flames will provide an alternative for our firefighters that is five-times more effective than just plain water, and it is a lot safer for the firefighters to use.

Following a two-year campaign to enhance our Fire Department's ability to combat structure fires, the Town Council has named a Fire Apparatus Committee to develop specifications for a fire truck that will at last give our firefighters a tool that they sorely need to have a better chance of saving homes in the event of a fire.

Rural fire departments here in Rhode Island and across the nation faced with limited manpower and non-existing municipal water supplies have been changing to CAFS fire fighting equipment. Given the diminished number of volunteers in the Little Compton Volunteer Fire Department, our staff of 10 career firefighters has been hard pressed to meet the demands of providing both Emergency Medical Services and fire protection as well.

We believe that CAFS is the immediate answer to this vexing and dangerous problem. We also believe that the availability of new technology might stimulate a renewed interest in volunteerism and breathe new life into our Volunteer Fire Department. There is also a possibility that our homeowners insurance rates could go down through the use of CAFS.

Our Fire Department "State of the Union": On several occasions in past newsletters we have addressed concerns about fire protection in our community. Then and now, we want to make sure that the taxpayers are getting what they pay for. It has been our position that this has not always been the case. A number of major fire losses in the community have not done much to build confidence in our full time career firefighters and the LC Volunteer Fire Department (VFD).

We now believe that the introduction of CAFS provides our Fire Department with a unique opportunity for change. We hope that this new technology which is designed to enhance firefighting capabilities will be embraced by our professionals, and breathe new life into the VFD.

In the past we have also encouraged our citizens to get more involved in the spirit of volunteerism and take more interest in participating in the Volunteer Fire Department. This provides us better fire protection and helps to keep our taxes down. We renew that call now, and urge all able

bodied men and woman of Little Compton to get involved. If you believe that things could be better with our fire department then put your time where your mouth is, and step up to the challenge. You can make a difference.

We also suggest that the Volunteer Fire Department take a serious look at its recruitment program and open its doors to one and all. The VFD is now down to a mere handful of people and response to fire calls is nothing short of pathetic. If the VFD is going to be a viable resource, it is time for change.

In conclusion we want to say "KUDOS" to our Emergency Medical Technicians. Our EMTs are second to none. We hope that the introduction of new technology and a renewed volunteer organization will bring the firefighting side of the house up to that same level of professionalism.

Loughlin To The Rescue: Rep. John Loughlin, along with Reps. Singleton, Moffitt, and Long, has introduced an amendment (H-5451) to RI General Law (16-2-21.4) governing school budgets to allow school committees to seek waivers to state UNFUNDED MANDATES if a proposed budget exceeds the new school Tax Cap law (see Page 1) out of necessity.

One of the problems that Rhode Island towns and cities have endured over the years is the "unfunded mandates" that come from the legislature. These are requirements forced on the towns and cities with no funding to implement them. The taxpayers take it on the chin! The unfunded mandates involving education have been particularly costly over the years and have resulted in some rather steep tax bills.

The wording of the amendment is: "(d) Notwithstanding any other provisions to the contrary, in the event a school budget increases by more than five and one-half percent (5.5%) over the prior fiscal year, a governing school committee may seek a waiver, from the commissioner, of any state law or regulation related to education, including, but not limited to, regulations governing the education of children with disabilities, to the extent permitted by federal law and the commissioner shall grant the waiver so as to reduce the school budget increase to no more than five and one-half percent (5.5%)." This is in draft form. It needs to be linked to the Tax Cap law and will be according to Rep. Loughlin. Once it does, this will be good for the taxpayers.

We wish to praise Rep. Loughlin for his effort and we truly hope that he succeeds.

Financial Town Meeting
May 22, 2007

Little Compton Taxpayers Association
PO Box 455
Adamsville, RI 02801

Bulk Rate
US Postage
Paid
Little Compton
RI
Permit No 4

POSTAL CUSTOMER

LITTLE COMPTON TAXPAYERS ASSOCIATION MEMBERSHIP FORM

NAME _____ DATE _____
(For couples, please provide both first names)

OFFICE PHONE _____ FAX _____

EMAIL _____

Local Home Address → Check if year-round address

ADDRESS _____

CITY/TOWN _____ STATE _____ ZIP CODE _____

HOME PHONE _____

Second Home Address → From _____ To _____ (Month/Day)

ADDRESS _____

CITY/TOWN _____ STATE _____ ZIP CODE _____

HOME PHONE _____

SUGGESTED CONTRIBUTION: \$10 (Single) \$15 (Family) \$ _____ (Other)

Mail this form and your contribution to: Little Compton Taxpayers Association
PO Box 455
Adamsville, RI 02801