EXISTING FISCAL POLICY
(Also known as "The Rules of the Game" and "The Facts of Life")

* Housing propped by income

* Fairly large number of fairly small governmental units

* A preference for making fiscal decisions at this local level

Continued dependence on the property tax — toward $400 mill/yr
up 9+50 a year

Continue to hold revenue still
THE CONSEQUENCES

* Increasing concentration of valuations in relatively few local units

* Growing disparity between fiscal resources and service needs

* A continuing pressure on local councils to do things that are "profitable" for the local unit...

Though many of these are harmful to the environment and to orderly planning and development of town, parks and open space.
NEW OBJECTIVES ... AND A CHALLENGE

* To introduce incentives also to work for orderly development and protection of the environment ... and for the growth of the area as a whole
* To retain, meanwhile, a desirable pattern of strong local units
* To hold down the rise in the cost of government

Keep a useful pressure on to hold down mill rates
THE BASIC ALTERNATIVES

* A State or metropolitan unit (whether new or formed by consolidation) to levy the tax and distribute money to local units.

* A new approach, permitting local units to reach the valuations in the area even if not located within their own borders. This what law to talk to.
THE NEW APPROACH: Step 1

Essential idea: Review for successful people, not for the already in inc + sales (or) - hence, just breaking the list for jobs & not for profits.

* Choose the base (for clarification)

  - All ... including residential?
  - Commercial/Industrial only?

  Choose c1 - for residential key per control, as seen later.

* Establish the valuation for which even base is chosen: How many dollars?

Assessor reports this...
Step 2

* Decide what part of his base to share

- Growth only (or a % part of it)
- Existing base, as well (or a part of it)
Step 3

* Exclude from local units the dollars of valuation to be shared

* Assign these contributions to the area-wide pool

  * Choose an "administrative auditor" for the purpose
Step 4

* Re-distribute the dollars of valuation from the pool to the local units

- Decide, first, on what basis this distribution is to be made - population?
Step 5

* Each local unit calculates its base

- Its own 'local' base - from categories of valuation not pooled - prop plus win

  plus

  - Its share of the area-wide pool - vals not prop plus win - but legally fully a part

* Note: The proportion each part is of the total = 10%, eq
Step 6

* Each local unit determines, as now, for itself, how much it wants to spend.

* Deduct non-tax revenues, state aids, etc.

* Arrive at dollar tax levy required from base. (Note local officials are still responsive to homeowners; increases in residential will rate — not going to be able to do anything to ‘Art’ vals. Not to our home owners.)
Step 7

* Calculate local mill rate
  
  • Recall the proportion the local base represents, in this unit, of its total base - 90%.
  
  • Apply this proportion to the dollar levy.
  
  • Apply this resulting figure for the 'local levy' to the 'local base' - what goes by value must take in taxes to raise rev.
  
  • Derive the local mill rate for.

\[ \text{300 mills} = 30\% \]
Step 8

* Calculate areawide unit rate
  - Add together, from all local units, the dollars to fall from our unit. The areawide rate per dollar.
  - Apply this total levy against the total valuation in the area-wide case.
  - Derive the area-wide unit rate.
Step 9

* Calculate tax on individual property

- Recall, for a given local unit, what proportion of its base is 'local' and what 'area-wide' 90-10
- Divide valuation of individual property in same proportion
- Apply local unit rate to local portion
- Apply area-wide rate to area-wide portion
- Calculate dollar tax
Step 10

* Distribute receipts to units
  * Taxpayer pays county treasurer
  * County sends state treasurer revenues from levy on area-wide base
  * State sends checks to local units