

**WHY IS THE TOWN BOARD SEEKING ELECTOR APPROVAL
TO RAISE THE 2022 TOWN TAX LEVY (to be collected during 2023)?**

Understanding the Town property tax bill: The Town's property tax bill consists of two parts:

A. The tax levy: This is the portion of the town budget needed for routine operating expenses such as (not all inclusive):

- Department of Public Works (town crew) wages, equipment and supplies
- Emergency services (Fire Department)
- Routine Town roads maintenance (plowing, sanding, patching, storm clean-up)
- Routine facilities maintenance (building cleaning and repairs, painting)
- Salaries and supplies for town officials

The **tax levy** currently represents approximately 41 percent of the Town's total property tax.

WI Department of Revenue rules dictate how much the tax levy can increase from one year to the next without elector approval. The annual allowable increase is limited to a percentage of the value of new construction in the Town during the past year. **The debt service:** This portion of the tax bill represents payments on loan commitments the Town has made to undertake projects not paid for from the above tax levy revenues, such as (not all inclusive) :

- Non-routine town roads maintenance, repairs or upgrading
- Non-routine facilities repairs/replacements
- Emergency services equipment upgrades

The **debt service** currently represents approximately 59 percent of the Town's total property tax.

There are no State requirements for towns to obtain elector approval before borrowing money. Some towns borrow erratically resulting in fluctuating annual property taxes. The St. Germain Town Board tries to maintain a consistent debt level through careful planning of projects so that annual loan payments are very close to the same from year to year. This practice has resulted in stable property taxes but has also prevented the Town Board from borrowing money for arguably needed purposes.

Why increase the tax levy?

The Town is falling behind in maintaining roads. The Town Board has three options:

1. Borrow more money for road work (increase the annual debt service portion of property taxes which can be accomplished without elector approval).
2. Seek elector approval to implement a new **Road Maintenance Program** (detailed on page 3, below) which would be restricted to a specific category of road maintenance projects and supported by an increase in the tax levy portion of annual property taxes.
3. Continue holding both the **tax levy** and **debt service** portions of the property tax where they have been for more than ten years and undertake only what road work can be squeezed from the debt service budget (continue falling behind in needed road work).

The Town Board recommends option #2, depicted below, as the most responsible use of property taxes while enabling increased road maintenance.

2021 Town taxes (paid in 2022)		2022 proposed Town taxes (to be paid in 2023)		
Tax levy (41%)	\$370,181.00	Tax levy (41%)	\$373,039.00	<u>Excluding</u> <u>proposed</u> <u>new Road</u> <u>Maintenance</u> <u>Program</u>
Debt service (59%)	\$536,349.00	Debt service (59%)	\$536,349.00	
Total	\$906,530.00	Total	\$909,388.00	
			.3% increase over 2021	
		Tax levy (52%)	\$573,039.00	<u>Including</u> <u>proposed</u> <u>new Road</u> <u>Maintenance</u> <u>Program</u>
		Debt service (48%)	\$536,349.00	
		Total	\$1,109,388.00	
			22.4% increase over 2021	

Following are examples of how the proposed \$200,000.00 Road Program would increase taxes:

Properties valued at	Increase in taxes payable in 2023	Properties valued at	Increase in taxes payable in 2023
\$100,000	\$28.03	\$150,000	\$42.05
\$200,000	\$56.08	\$250,000	\$70.06
\$300,000	\$84.09	\$350,000	\$98.11

NOTE:

- Annual property tax bills consist of levies from Vilas County, the Northland Pines School District, special taxing bodies such a lake districts, and the Town. Only the Town's portion of total property taxes would increase by 22.4 percent due to this levy increase.
- The special meeting of St. Germain electors to consider this proposed levy increase and to set the 2022 total tax levy is scheduled for 7:00PM, Wednesday, November 16 at the St. Germain Community Center.

Town Road Maintenance Program to be Supported by a 2022 Tax Levy Increase

There are three categories of town road maintenance recognized by this program:

1. **Roads needing major reconstruction would not be** eligible for utilization of tax levy dollars. A recently completed example is Found Lake Road which was essentially re-built from end to end over a few years. Examples of additional roads needing reconstruction include (not all inclusive) Lost Colony Road and Peterson Road. **Reconstruction projects would continue to be undertaken through debt service loans as has been done in the past.**

2. **Roads that have been reconstructed or resurfaced within the past thirty years and are still in generally good condition**, yet in need of chip/aggregate sealing, spot asphalt repairs, shoulder repairs, crack repairing/sealing/leveling **would be** eligible for utilization of tax levy dollars. Example roads currently in this category include (not all inclusive) Birchwood Drive and portions of Juve Road.

3. **Gravel roads** needing more gravel than practical for the Town Public Works crew to apply or needing grading beyond the capability of Town equipment **would be** eligible for utilization of tax levy dollars.

The Town Treasurer would segregate the annual tax levy dollars collected in support of this program thus preventing them from being used for purpose other than qualifying road maintenance projects. The funds could carry over from one year to the next if the balance is not exhausted on projects each year. Or, at the discretion of the Town Board, funds may be withheld from spending to accumulate more money to undertake a larger road project eligible for Road Maintenance Program funding.

The Town Chairman would assign a member of the Town Board to oversee the Road Maintenance Program. Responsibilities of that person would include (not all inclusive) maintaining a list of eligible road projects with the Town Clerk, working with a Town Board approved engineering firm (when needed) for development of road project specifications and project bidding specifications, and coordinating all aspects of projects with the Town Board, Clerk, and Treasurer.

Upon elector approval of a tax levy increase to support the Road Maintenance Program, the Town Board will update Chapter 29 – Town Procedures of the Town's Code of Ordinance for the purpose of codifying details of the program.