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Donald W. Reed

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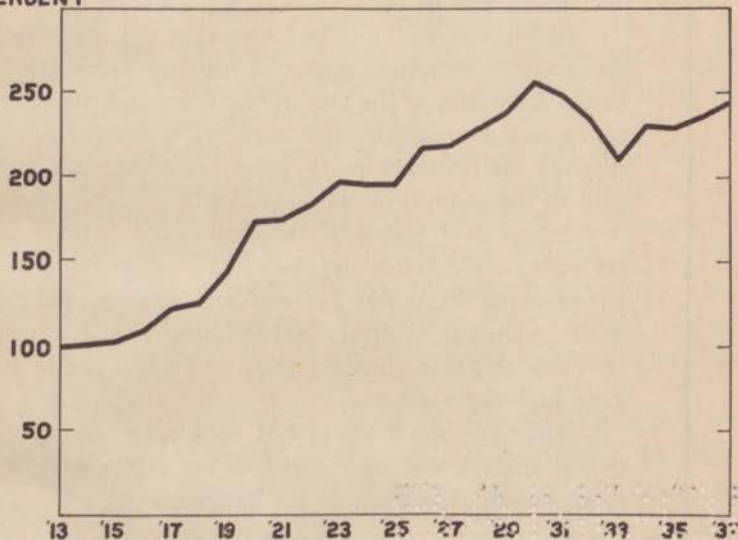
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Tax Trends In Maine Towns

PERCENT



Taxes on farm real estate in Maine have increased two and one half times in twenty-five years.

by

Donald W. Reed

Extension Economist
In Marketing



FOREWORD

Taxes on real estate and personal property are increasing in Maine. In an attempt to find out for what this additional revenue is spent, the Extension Service has summarized the receipts and expenses of forty-six Maine towns for the six years 1932 to 1937 inclusive.

Income from assessments on real estate and personal property was the chief source of revenue. It is this tax, which must be paid, that concerns farmers and land and home owners.

Receipts from the state for specific and supervised uses were an important source of income. These grants varied according to the size of the town and the offset appropriations made by the town. The smaller towns received considerably more from the state than they paid to the state in direct taxes.

School and highway costs amounted to over 50 per cent of the actual expenses. The most important school expenditure was for teachers' salaries, and the most important highway expenditure was for constructing and maintaining roads and bridges not in the state highway system.

The very small towns lost population during the period studied, and their expenses per capita increased more rapidly than those of the larger towns.

The writer wishes to express his appreciation for the excellent cooperation given by the state and town officials and for the assistance of Stacy R. Miller, extension economist, farm management, in obtaining data and preparing charts.

Tax Trends in Maine Towns

Farmers and land and home owners are more concerned about the real estate and personal property tax levied by the local unit of government than they are about any other tax. This tax determines the value of their property. - It must be paid. When payment is impossible, the owner eventually loses title because taxes have the first claim. Property loses all value when the annual tax exceeds the earnings.

In 1930, according to the U. S. Department of Agriculture, real estate taxes on farm property in Maine were two and one-half times greater than they were in 1913. Summaries of farm accounts kept in cooperation with the Extension Service reveal that the real estate and personal property tax paid in 1937 averaged \$210.53 per farm on the farms where the accounts were kept.

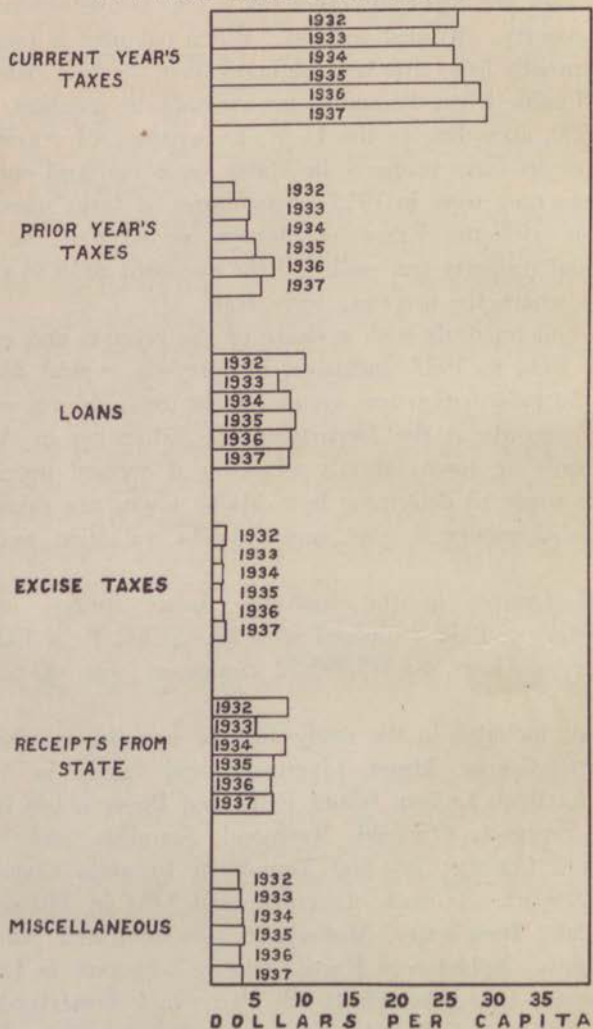
This bulletin deals with a study of the receipts and expenses for the years 1932 to 1937, inclusive, in forty-six typical Maine towns. Most of the information was secured from town reports supplemented by school records at the Department of Education in Augusta and personal calls on town officials wherever it seemed necessary. The study was made to determine how Maine towns are raising revenue, for what such money is spent, and the debt, valuation, and population changes.

Total receipts in the forty-six towns studied amounted to \$3,395,519.85 in 1932 compared with \$3,620,302.96 in 1937. In 1932, total expenses were \$3,415,995.22 compared with \$3,620,753.43 in 1937.

Towns included in the study and the counties in which they are located are: Greene, Minot, Livermore, and Turner in Androscoggin County; Caribou, Easton, Island Falls, and Presque Isle in Aroostook County; Freeport, Otisfield, Raymond, Standish, and Windham in Cumberland County; Jay and Temple in Franklin County; Brooks-ville, Bucksport, Hancock, Lamoine, and Otis in Hancock County; Farmingdale, Manchester, Monmouth, Readfield, and Sidney in Kennebec County; Appleton in Knox County; Edgecomb in Lincoln County; Andover, Buckfield, Hartford, Paris, and Waterford in Oxford County; Charleston, Corinth, Lincoln, and Kenduskeag in Penobscot County; Dover-Foxcroft and Greenville in Piscataquis County; Bowdoinham and Richmond in Sagadahoc County; Swanville in Waldo County; Cherryfield and Perry in Washington County; and Dayton, North Berwick, and Limerick in York County.

IMPORTANT PER CAPITA RECEIPTS

46 TYPICAL MAINE TOWNS 1932-37



RECEIPTS

The chart on the opposite page shows where the money used to finance the forty-six towns studied came from. Comparisons are made on a per capita basis. That is, the population as reported in the 1930 census is divided into the total receipts in the forty-six towns. All per capita figures covering each year studied are based on the 1930 census. This gives a common basis for comparisons between different items and different years.

For example, the forty-six towns received in 1935 an average of \$74,455.56 per town, and the average population, as reported by the 1930 census, was 1,442, so the average per capita receipts were \$51.65.

Taxes paid on real and personal property were the chief sources of receipts in the towns studied. Current year's taxes amounted to about 50 per cent of the receipts, with prior years' taxes contributing as much as 12 per cent of the total receipts in 1936.

Apparently the amount due on prior years' taxes reached a peak in 1936 when the collections per capita averaged \$6.78, as compared with \$28.49 for the current year's taxes.

Borrowings for financing the towns until taxes were paid amounted to \$9.99 per capita in 1932 and were reduced to \$7.03 in 1933. That payment of taxes since 1932 must have been more prompt is indicated by a definite downward trend in the amounts borrowed in anticipation of tax receipts.

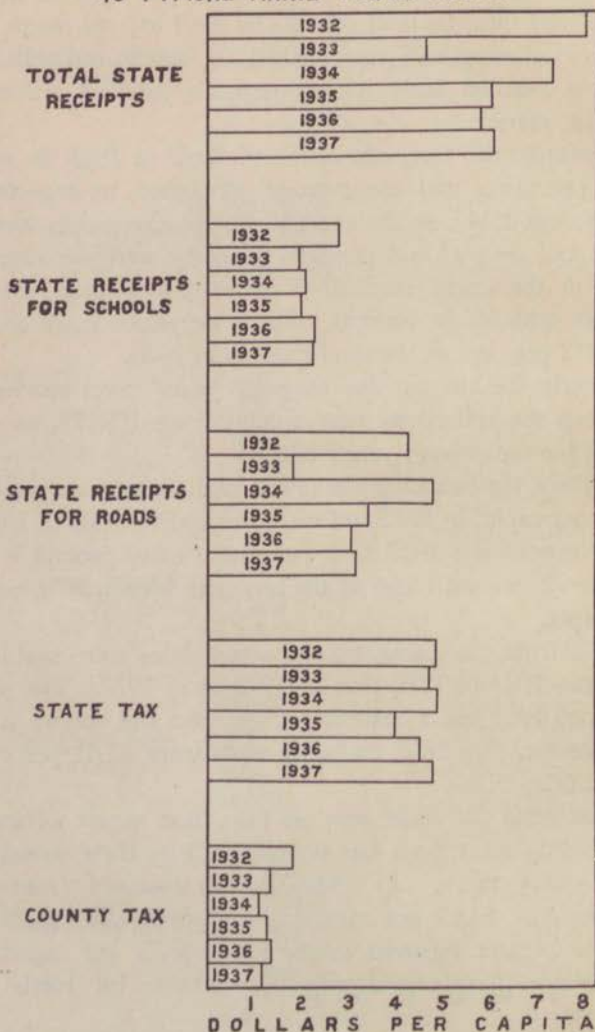
Receipts from the excise tax on automobiles were smaller during the four years 1933 to 1936 than in 1932 or in 1937. The number of new cars registered has a material effect upon the volume of receipts from this source. In 1932, excise receipts were \$1.61 per capita and in 1937, \$1.68.

Receipts from the state were an important source of income and averaged slightly more than the amount paid by these towns for both state and county taxes. In 1933, income received from the state amounted to only \$4.69 per capita as compared with \$8.06 in 1932. In 1934 the amount received increased to \$7.79 per capita, but the trend since then has been downward. Grants for roads have decreased most.

Although the towns studied appeared to have income from other sources than from levies on real estate and personal property, these taxes were, in reality, the only sources of income. Money came from the state for specific purposes, such as roads and schools, but the prop-

STATE RECEIPTS AND TAX COMPARED

46 TYPICAL MAINE TOWNS 1932-37



erty owners paid state and county taxes which nearly equalled the amount received. The towns borrowed for various purposes, but money borrowed must be repaid and so is not a true source of revenue. The burden of supplying the town with income rests squarely on the shoulders of the property owners. It is an increasing burden which must be paid in cash. Total receipts per capita (taxes) increased from \$51.18 in 1932 to \$54.58 in 1937. This increase amounted to a total of \$224,783.11.

RECEIPTS FROM THE STATE

The major portion of the money which the state paid the forty-six towns studied was for building and maintaining roads. In 1932, it amounted to \$4.31 per capita, or over one half of the average total amount of \$8.06 per capita received. In 1933, the average amount received from the state for roads dropped to \$1.76 but it went up to \$4.71 in 1934. Since 1934, road contributions by the state have been about \$3.00 per capita.

The amount received by the town is determined by the size of the offset appropriations the town raises, providing the appropriation does not exceed the amount allocated by the state. Some towns are either unwilling or unable to take advantage of all the money which is available. Some tax authorities are of the opinion that all highway costs should be paid by those who use the roads. The trend in Maine is in that direction, but large amounts of money raised by taxing real estate and personal property are still used for highway construction and maintenance.

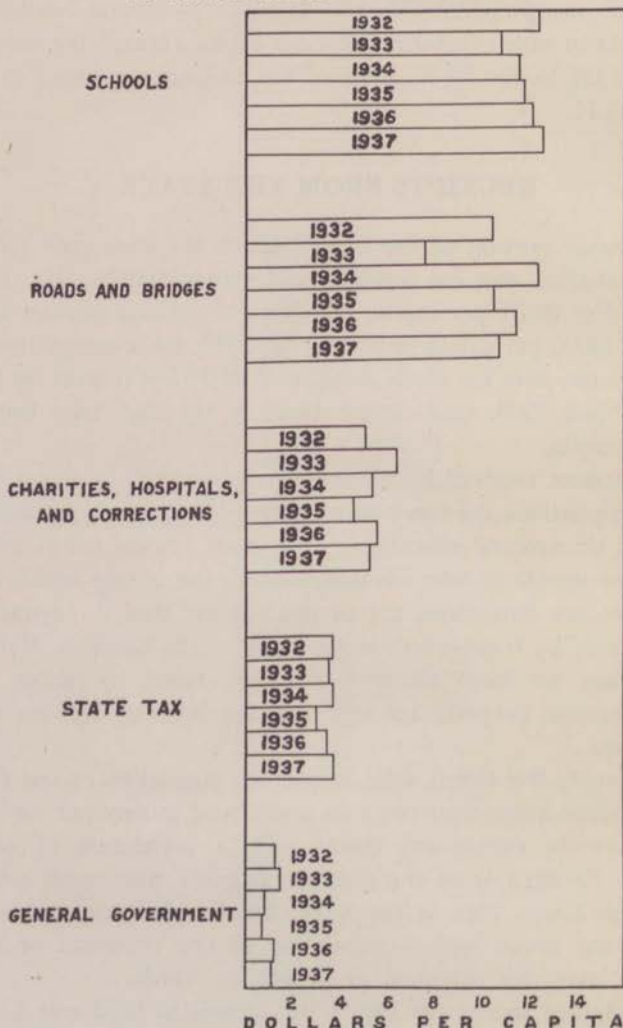
The twenty-five towns with an average population of one thousand or less received more than twice as much road money per capita from the state as the twenty-one towns with a population of over one thousand. Receipts from the state for schools were more per capita in the small towns than in the large, but the difference was not as great between towns with a population of one thousand or less and those with over one thousand as it was for roads.

The average receipt per capita for schools in 1932 was \$2.72. In 1933, the amount dropped to \$1.98, but the trend since 1933 has been upward.

The combined state and county tax averaged less than the receipts from the state every year except 1933. The thirteen towns in

IMPORTANT PER CAPITA EXPENSE

46 TYPICAL MAINE TOWNS 1932-37



the study with a population of over 1,500 paid slightly more in state and county taxes than they received from the state.

The state tax paid during the six years covered in this study fluctuated from year to year. In 1932, it was \$4.83 per capita, and in 1937, \$4.75 per capita. All towns did not pay all the tax assessed against them by the state each year, so the amount paid was not the exact amount assessed.

The trend in county expenditures seems to be downward. The county tax paid by the towns included in this study amounted to \$1.79 per capita in 1932 and \$1.23 in 1937.

The assessed valuation of these towns decreased from \$629.21 per capita in 1932 to \$622.05 in 1937. The total town debt per capita, which in 1932 amounted to \$24.49, decreased to \$22.52 in 1937.

EXPENSES

Expenditures for schools and roads amounted to more than 50 per cent of all money spent. School costs in 1932 amounted to \$12.60 per capita, but during 1933 they were cut to \$10.89 per capita. Since 1934, annual increases have brought school costs up to \$12.70 per capita in 1937. In 1933, teachers' salaries were cut and existing supplies and buildings made to do. Since then, many salary cuts have been restored, inventories of supplies built up, and buildings repaired.

The most important item of school expense was for paying the teachers. High schools were not maintained in twenty-five of the forty-six towns. In those towns not maintaining high schools, the expense per high school student was slightly less than in the larger towns where high schools were maintained. Total school expenditures per capita were about the same in all sizes of towns studied. The larger towns had better trained teachers and better buildings and equipment. Receipts from the state for schools were greater in the small towns, so the actual per capita burden for schools was less in the towns with a population of less than one thousand.

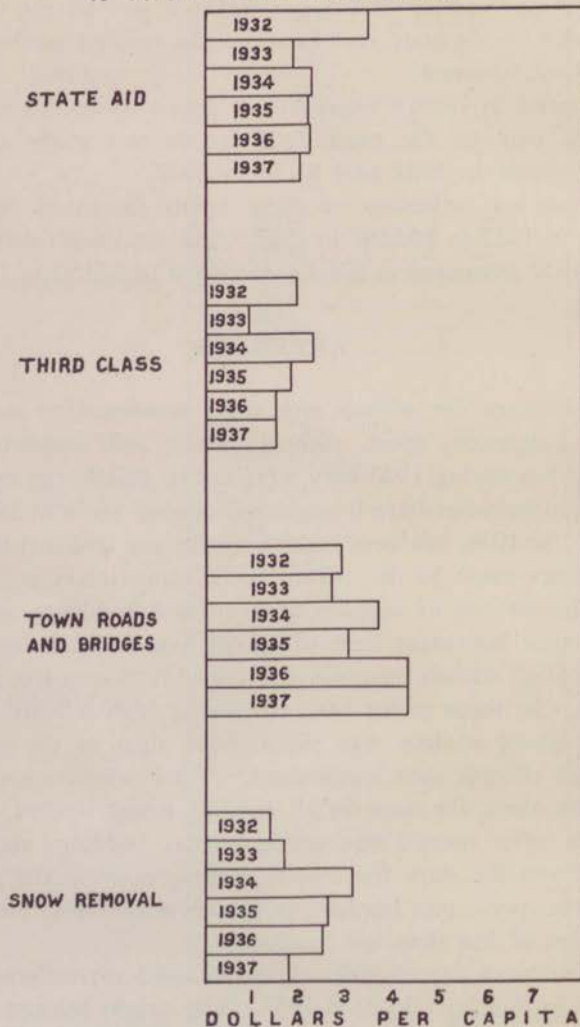
Expenditures for charities, hospitals, and corrections were \$5.09 per capita in 1932 and \$6.29 in 1937. The largest amount spent in any one year covered by this study was \$6.54 per capita in 1936.

Average total expenses per town were \$74,260.77 in 1932 and \$78,712.03 in 1937. This increase amounted to \$3.08 per capita.

Total expenses per capita in ten towns with a population of less than five hundred increased from \$59.70 per capita in 1932 to \$65.53

PER CAPITA HIGHWAY COSTS

46 TYPICAL MAINE TOWNS 1932-37



in 1937, an increase of \$5.83 per capita, or 9.8 per cent. In the thirteen towns with populations of over 1,500, per capita expenses were \$50.22 in 1932 and \$54.41 in 1937, an increase of \$4.19 per capita, or 8.3 per cent. In the forty-six towns studied, this increase amounted to a total of \$204,758.21.

HIGHWAY COSTS

Highway construction and maintenance made up the second largest item of expense in the forty-six towns studied and the largest in the twenty-five towns with a population of less than one thousand. Highway costs averaged \$10.59 per capita in 1932 and \$10.83 in 1937.

The largest item of highway expense was for the construction and maintenance of all roads and bridges not under the supervision of the State Highway Department. The trend in this item of expense was upward amounting to \$2.89 per capita in 1932 and \$4.39 in 1937. Although the number of miles of highway for which the towns are solely responsible is decreasing, more and heavier vehicles are using these town roads and bridges.

Costs of snow removal and snow fences were highest in 1934, when they amounted to \$3.17 per capita. Computing the actual yearly cost of snow removal is difficult, because plows and other equipment are frequently paid for in one year although used over a term of years.

SMALL vs. LARGE TOWNS

The very small towns lost population and the larger towns gained, if the number of polls can be taken as a measure of the total population. As people moved away from the towns with a population of less than five hundred, expenses were not materially reduced. Roads and schools must be maintained. In the ten towns with a population of less than five hundred included in this study, the expenses per capita increased considerably from 1932 to 1937, and the total outstanding debts per capita nearly doubled.

The average valuation per capita was highest in the ten towns with a population of less than 500 and smallest in the next group, with a population of 501 to 1,000. Valuation per capita in the very small towns may be relatively high, due to large holdings of woodland by non-resident taxpayers. Inasmuch as income from taxes depends upon

valuation times rate, valuations in relation to true value may average higher in the smaller towns where the need for income is more pressing.

The most burdensome item of expense in the smaller towns is for roads and bridges. The per capita cost decreases as population increases. The variation for schools is not as great. The cost of charities and corrections has increased in all groups but the per capita cost is greatest in the group of towns with a population of over 1,500.

TAX TRENDS IN 46 TYPICAL MAINE TOWNS, 1932-1937

Year	Expenses Per Capita				Average No. Polls Per Town	Average Valuation Per Capita	Receipts from State Per Capita	Outstand- ing Debts Per Capita
	Schools	Roads & Bridges	Charities & Corrections	Total				
10 Towns, Population Less than 500								
1932	\$13.14	\$21.78	\$4.13	\$59.70	121	\$731.33	\$15.30	\$ 5.14
1933	11.61	16.90	4.07	50.29	126	710.31	9.30	7.23
1934	11.54	25.73	4.03	62.93	123	721.49	15.93	8.52
1935	11.97	21.62	5.54	64.76	123	714.68	14.08	7.48
1936	12.28	20.25	5.50	66.02	119	712.35	12.75	7.39
1937	12.77	21.61	5.33	65.53	114	707.12	12.66	9.52
15 Towns, Population 501-1000								
1932	12.19	17.47	2.56	54.04	230	541.37	12.90	8.74
1933	10.53	11.34	2.93	40.31	235	501.08	5.97	12.96
1934	10.69	18.14	2.75	52.65	228	505.81	11.75	15.03
1935	10.77	15.21	3.70	49.48	214	486.87	9.69	13.23
1936	11.26	15.10	3.60	51.04	213	499.94	8.99	10.50
1937	12.00	13.52	4.04	52.46	223	503.57	9.36	8.08
8 Towns, Population 1001-1500								
1932	12.77	12.06	3.82	50.71	353	690.29	8.27	14.53
1933	11.04	9.96	4.46	44.49	339	664.68	4.87	15.66
1934	11.40	14.49	4.25	51.42	335	663.20	7.38	19.85
1935	11.62	11.64	4.67	52.79	334	664.55	7.49	19.92
1936	11.41	13.40	4.64	52.31	333	661.53	5.67	19.78
1937	12.33	12.49	4.85	53.92	341	661.25	6.42	17.11
13 Towns, Population Over 1500								
1932	12.63	7.22	6.24	50.22	884	631.31	5.94	33.27
1933	10.90	5.44	8.26	44.07	847	611.44	3.84	27.88
1934	11.81	9.03	6.61	48.48	843	611.18	6.00	28.01
1935	12.10	8.02	6.42	50.77	824	613.69	4.74	29.53
1936	12.46	9.19	7.96	55.45	861	642.88	5.11	25.11
1937	12.98	8.69	7.39	54.41	907	640.02	5.22	27.39