Questions regarding South Berwick's Town Budget Meeting held on June 7, 2011

Q: What is South Berwick's form of governance?

A: South Berwick operates with a hybrid, Town Meeting-Council-Manager

In this variation, the legislative functions of government are shared between the Town Meeting and an elected Council. In South Berwick, Town Meeting votes on the budget while the Council tends to all other legislative functions.

Q: What are the "rules" regarding the approval of the Council's recommended budget?

A: The Town Council reviews the budget and recommends the amounts to be presented at Town Meeting. The body assembled at Town Meeting votes on the proposals for expenditures and revenues. At town meeting the voters have three choices: approve the article as presented, amend the article for a lower amount of money only, or vote against the article. No article for business can be added to the agenda at Town Meeting, nor can any amount be increased at Town Meeting.

Q: What occurred at the Town Meeting on June 7, 2011?

A: Articles 1 through 7, which are considered the housekeeping articles were approved as presented with no amendments. Articles 8 through 21 which comprise the Fiscal Year 2012 Budget were approved as presented with no amendments. Warrant article 22, a question to increase the LD1 limit was voted down with no amendment.

Q: What effect does the NO vote on LD 1 have on the Town's operating budget?

A: LD1 has no bearing on the Town's Budget. The Fiscal Year 2012 Budget was fully funded by the voters.

Q: If that is the case, what is LD1?

A: LD1 is a Tax Levy Limit. The Municipal Property Tax Levy Limit regulates the amount of money that a municipality can raise through property taxes. It applies only to property taxes used for municipal operations (road maintenance, libraries, parks and recreation, etc.). LD1 does not apply to property taxes raised for schools, counties, TIFs, or the overlay. The limit allows a municipality to increase property taxes, but only by an amount equal to the growth of statewide personal income plus local property development within the municipality.

Q: What happens next?

A: Because of our form of government, once Town Meeting voted on the budget, which was done, the choices moving forward sit firmly with the Town Council. Since there were no amendments to the budget at Town Meeting, the voters have given no clear direction to the Council. The Council has several choices:

- The Council can hold a Special Town Meeting to ask the voters to increase the LD1 limit again
- The Council can choose to make adjustments to the budget in order to reach the LD1 limit
- The Council can proceed with the budget as approved by the voters on June 7, 2011*

* If the Council chooses to proceed with the budget as approved at Town Meeting, property tax revenues collected by the municipality in any fiscal year in excess of its property tax levy limit, must be transferred to a property tax relief fund, which each municipality must establish, and use to reduce property tax levies in subsequent fiscal years.

http://www.memun.org/public/local_govt/town_meeting.htm

http://www.maine.gov/spo/economics/ld1/