



TOWN OF DOVER-FOXCROFT
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Costs to Dover-Foxcroft Taxpayers to Keep the Dam / Effect on the Mil Rate, Tax Bills

What would keeping the dam would cost taxpayers on their annual tax bill? This requires making certain assumptions which are stated below.

Rehabilitation of the dam with a new fish ladder could easily reach or exceed \$10M given the time it takes for permitting and project development and factoring future construction costs (likely higher). While some estimates have cited numbers slightly less, \$10M is more conservative for planning and projecting cost estimates. In terms of the impact of a \$10M tax exempt bond we'll look at repayment periods of 15 years, 20 years and 30 years.

The cost of borrowing \$10M based on current market interest rates on tax-exempt bonds would be as follows:

15 Years – At 15 years the town could expect the rate to come in at or near 6.89%. This would result in an annual debt payment of \$1,090,581 over the 15-year repayment period. Interest on the note would total \$6,358,712 for a total borrowing cost - \$16,358,712.

What effect would this have on the mil rate?

The town's current municipal taxable valuation is \$363,964,400. Based on the town's current valuation one mil on the mil rate raises \$363,964.

The town would need a 3 mil increase to cover the cost of a \$1,090,580 debt payment. In terms of the current year the town would have needed to set the mil rate at \$21.55 instead of the current rate of \$18.55 to cover this payment.

How would this increase effect tax bills?

For each mil increase in the mil rate, it costs a property owner an additional \$100 on their tax bill for every \$100,000 in taxable value they have. If there is a 3 mil increase then it's \$300 more on tax bills for every \$100,000 in taxable value a property owner has.

In other words, 3 mil increase means: A property owner with \$100,000 in taxable value would be billed for an additional \$300 per year. A property owner with \$200,000 in taxable value would be billed for an additional \$600 per year. An owner with \$300,000 in taxable value would be billed for an additional \$900 per year. And so on.

These are only the increases required in order to make payments on this note. This would be in addition to any increases that may be required in other areas of the town budget such as roads, bridges, sidewalks, public safety/first responders, school/county tax increases etc.

At 20 Years – As we would expect, \$10M financed over 20 years the annual payment would be less but the rate would be higher and the total borrowing cost goes up. Based on the current market, the rate would be at or near 6.95%, the annual payment would be \$940,549, total interest would be \$8,810,980 and total borrowing cost would be \$18,810,980.

At 30 Years – For \$10M at 30 years the rate would be at or near 7.25% with an annual payment of \$826,544. Total interest would balloon to \$14,796,318 for a total borrowing cost of \$24,796,318.

Each of these scenarios represents a significant tax increase for Dover-Foxcroft taxpayers if the town elects to keep the dam.

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