Written by STEVE OSTERMANN
Wednesday, 02 November 2011 18:28

Aid cuts, rising costs in face of tough economy prompt officials to raise levy

Confronted with aid cuts and rising costs, Town of Grafton officials have proposed a 2012 budget that includes a 12.6% tax-rate increase, one of the largest in recent memory.

The $1.8 million spending package, which was prepared last week by the Town Board, calls for a tax rate of $2.92 per $1,000 of assessed property valuation, up 33 cents from the 2011 rate.

Based on the proposed increase, the owner of a $300,000 house would pay $876 in taxes to support town spending in 2012, up $99 from this year.

Town Chairman Lester Bartel said the tax hike — which would be the town's largest since the 1990s — is needed to cover a variety of expenditure increases and offset cuts in state shared revenue and county road aid.

"The town finds itself in a very difficult situation," said Bartel, who cited fiscal constraints imposed by the state budget-repair law as a major contributor to the budget dilemma.

"The state is cutting back on aid, but we don't have public employees contributing more to our budget like villages and cities. We're on the bottom of the food chain."

In addition to losing $24,000 in intergovernmental revenue, the town is projecting increases of $94,000 (28%) for debt payments; $60,000 (6.7%) for public works; and $32,000 (10%) in general government expenses.

The town will continue to face the cost of groundwater monitoring and legal fees associated with the Denow landfill, which could total $70,000 to $100,000 next year, Bartel said.

Based on preliminary figures, the town faces a decrease of nearly 1% in its property tax base, with total valuation dropping by $4.4 million — to $498 million.

The budget calls for a total levy of $1.3 million, up 11.4% from 2011. Bartel said the levy and tax rate could be pared by reducing debt payments, a step the Town Board took last year to cut a proposed rate hike of 12.3% to 4.6%.

However, this year, he said, members agreed the town should increase debt payments to take advantage of low interest rates, one of the few fiscal positives in a struggling economy.

"We have a seven-year line of credit, and if we wait longer to pay it back, we run the risk of rates going back up," Bartel said. "It's just a matter of sound money management."

The board also decided in budget deliberations not to cut expenditures for road repairs. "If we don't take care of our roads now, we'll end up with bigger bills later on," Bartel said.

The proposed budget will be presented at a 6 p.m. public hearing Wednesday, Nov. 16, at the Town Hall, 1230 11th Ave.

Residents will be asked to adopt the tax levy and highway expenditures.