

**Innate Problem for Towns in Cooperative or Regional School Districts when  
School Apportionment Formula is 50%ADM/SO% Equalized Appraised Value;  
Particularly for Towns Hosting large Electric Generating Facilities**

There are two factors that diminish or negate the positive tax incentive for hosting towns:

1. The increase in equalized tax value increases the apportionment formula for the school and subsequent tax more than the host town yields in town taxes.
2. Because the value used by ORA for the apportionment formula is the ORA assessed value from two years prior, the value for apportionment in the present fiscal year may be significantly higher than the present taxable value (due to depreciation or adjustments to the previous ORA appraisal).

**To demonstrate how a town may suffer a negative tax benefit from hosting a large electric generating facility, I will use Lempster's Taxes for the school year 2011-2012:**

If Lempster had a school apportionment formula based on 100% ADM, the school apportionment formula would be .6 and the local school tax would have been \$2,206,154.

The actual school tax using the actual 50% ADM/50% Equalized Assessed Value was \$2,414,431. The increase to the school apportionment formula over the ADM value of .6 was due to the added appraised value of the wind farm.

The difference is \$208,277 (due to the added appraised value of wind farm).

\$61M was the ORA appraisal of the town's wind farm set at the end of 2009 and used for school and county apportionment. ORA appraisals have been \$61M, \$52M, \$46M and \$35M for the successive years.

· \$44M was the real time appraisal used for taxing the wind farm (ORA had an appraisal of 46M at this real time)

Lempster raised \$219,120 in town tax from the wind farm; a net gain for the town of a mere \$10843 (\$219,120-\$208,277)

The total tax raised from the wind farm was \$699,600; Town, local school and county.

Lempster's yield percent of that total was only 1.55%.

**Yet, it gets worse:**

Because the wind farm was taxed at the current appraisal of \$44M, the \$61M used for the county levy was \$17M more than Lempster could tax the wind farm. That meant the residents of Lempster had to raise an additional \$50,830 to meet the county tax obligation.

The net yield to Lempster was negative \$39,987. It was a tax liability to have the wind farm!

If the school apportionment formula had been 100% ADM, Lempster would have benefitted by a positive \$168,290 ( $\$219,120 - \$50,830$ ) tax advantage from the wind farm.

There is no fault on the part of DRA in this matter. They have followed statutes and the school apportionment of 50% ADM/50% Equalized Assessed Value has been properly applied. While the lack of fairness is obvious for this large ticket item; when a town's tax rate is small relative to the school tax and this apportionment formula is used, there will be little or no benefit when a town increases its tax base.

The correction for this injustice will be for all towns with such facilities to have their school apportionments based on 100% ADM. This was the advice given by Stephen Hamilton to the town of Lempster and these numbers affirm his advice.

Note: I have a copy of the active EXCEL spreadsheet used by the superintendent's office to calculate the school taxes for the member towns and have used that spreadsheet to facilitate and check calculations. The local school tax for Lempster in this school year was \$9.52 and the town tax was \$4.98. The school tax was not quite double the town tax, but close. As one approaches this infamous two to one of school to town it is when there begins to be little or no benefit to the town when property is added to the tax base using the 50% ADM/50% Equalized Assessment school apportionment method.