

Components of the Municipal Tax Bill

The Municipal Tax Bill has a compound tax rate which includes the annual amount raised to fund municipal services as well as the City's portion for the Aroostook County budget and the RSU#39 school budget. State statutes require that the city collect the amounts invoiced by the County of Aroostook and the RSU#39, and it also requires that the percentage of local property taxes distributed to education and to local and county government be included when a property tax bill is issued to a taxpayer. Interesting note: The State of Maine does not require that a tax bill be issued but the City of Caribou provides one as a convenience for taxpayers.

In 2025, the municipal portion of the Property Tax bill was 40% of the amount paid. If your tax bill was \$1,000 then you paid **\$400** to fund your city departments. The city department budgets are set by the City Council.

In 2025, the Aroostook County portion of the Property Tax bill was 11% of the amount paid. If your tax bill was \$1,000 then you paid **\$110** to fund the services provided by the County of Aroostook. The County budgets are set by the Aroostook County Commissioners and Aroostook County Finance Committee.

In 2025, the RSU#39 portion of the Property Tax bill was 49% of the amount paid. If your tax bill was \$1,000 then you paid **\$490** to fund the school department. The RSU#39 budget is recommended by the RSU#39 Board of Education and approved by voters.

Determining the RSU#39 Portion of the Municipal Tax Bill

The County of Aroostook and the RSU#39 are on a fiscal year that is different from the City of Caribou. No additional calculations are needed when determining the amount due for the County portion as their invoice reflects the 12-month portion due (and in 2024, 2025, and 2026 includes an additional amount associated with their transition to a new fiscal year). However, the RSU#39 invoices the municipality monthly based on the school year's budget that was approved by voters. Therefore, the amount raised by the municipality for the RSU#39 includes 6 months from the prior year budget and 6 months from the current year budget. For 2025, that was half of the 2024-2025 warrant of \$5,501,382.07 and half of the 2025-2026 warrant of \$5,412,308.57. This year, the RSU#39 school budget was passed on September 9, 2025.

Calculating the Municipal Tax Bill

Per state statute, valuation is set by the municipality based on the property status as of April 1 of the tax year. The tax bill covers the municipal's fiscal year, January 1 to December 31. The City charter states that the City Council will set the tax rate on or before June 30 of each year. To determine the amount to be raised from property taxes, staff combines the amounts for the City municipal appropriations, the City's portion of the County Tax Bill, and the amount for RSU#39. The formula to determine the annual tax rate is "Required Tax Rate = the sum of the appropriations to be funded through property tax divided by the municipal valuation".

Using the most recent 2025 tax year as an example: The total taxable valuation in Caribou was \$503,472,699. The amount of property tax to be raised at commitment was: \$11,076,399.38 (the sum of: Municipal = \$4,433,096.38; County = \$1,186,458; and RSU# 39 = \$5,456,846). For 2025, $\$11,076,399.38 / \$503,472,699$ produces a tax rate of .0220 or a "mil rate" of 22.0. Staff members are often asked "how much is a mil"? The definition of a mil as it relates to currency is .001 of a US dollar. In valuation terms, a mil would be .001 of the taxable valuation or \$503,472,699, so a "mil rate" of 22.0 means the City raised 22.0 "mils" ($\$503,472.699 \times 22.0 = \$11,076,399.38$). Regarding the 2025 compound tax rate of 22.0, the mil rate attributed to municipal spending is 8.80 mil, Aroostook County is 2.42 mil and RSU#39 is 10.78 mil.

Reconciling the Maine DOE ED279 and the Municipal Tax Bill

Staff members are often asked why the mill expectation and the valuation number from the Maine Department of Education ED279 report do not match with what the City of Caribou shows for a taxable valuation and the tax rate required to raise the funds needed.

Let's look at a section of page 4 of the 2025-2026 school year ED279.

ED 279

STATE OF MAINE DEPARTMENT OF EDUCATION
AUGUSTA 04333

9/15/2025

STATE CALCULATION FOR FUNDING PUBLIC EDUCATION (PreK-12) REPORT

ORG ID : 1468

RSU 39

2025 - 2026

Section 4 : Calculation of Required Local Contribution - Mill Expectation

Section : 4

A) Subsidizable Pupils (Excludes Superintendent Transfers for SADs, RSUs & CSDs) by Member Municipality

Member Municipality	2-Yr Oct Ave, Subsidizable Pupils	Percentage of Total Pupils	Oper., Othr Sub, & Tchr. Ret. Allocation Distribution		Municipal Debt Allocation Distribution	Total Municipal Allocation Distribution as a Percentage of Pupils
Caribou	946.0	97.58%	13,976,621.32	+	2,534,929.74	= 16,511,551.06
Stockholm	23.5	2.42%	346,622.50	+	62,866.67	= 409,489.17
Total	969.50	100.00%	14,323,243.82		2,597,796.41	= 16,921,040.23

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B) State Valuation by Member Municipality

Member Municipality	3-Yr Average or Previous Yr State Valuation	Mill Expectation	Total Municipal Allocation Distribution per Valuation x Mill Expectation
Caribou	442,450,000	6.10	2,698,945.00
Stockholm	18,833,333	6.10	114,883.33
Total	461,283,333		2,813,828.33

Caribou

Stockholm

C) Required Local Contribution = the lesser of the previous two calculations :

Member Municipality	Total Allocation by Municipality	Required Local Contribution by Municipality	Calculated Mill Rate	State Contribution by Municipality (Prior to adjustments)
Caribou	16,511,551.06	-	6.10	13,812,606.06
Stockholm	409,489.17	-	6.10	294,605.84
Total	16,921,040.23	-		14,107,211.90

Preliminary FY 2025-26 Governor's Recommended Funding Level Budget – Adjustments may be made to these printouts throughout FY 26

1 – School year 2 – Valuation used 3 – Mil Expectation 4 – Amount to be raised in warrant Article 12
(This represents the June 30 to December 31, 2025 portion of RSU#39 contribution as an illustration).

Note on #2: State Valuation is different than the taxable valuation. Maine Revenue Services (MRS) uses sales ratio studies and other procedures to develop an equalized value for all Maine municipalities with a goal of distributing state aid to education and revenue sharing equitably. MRS will use certified ratios and average ratios developed from the ratio studies to factor the municipal valuation. According to MRS rule 201, “‘State Valuation’ for a given tax year means the total Equalized Value of all taxable property in a Municipality as of the April 1 two years prior, plus the portion of exempt value of homestead exemptions and Business Equipment Tax Exemption property reimbursed by the State to the Municipality pursuant to 36 M.R.S. § 691, et al., less the Captured Assessed Value of tax increment financing districts in the Municipality.”

Note on #3: The Maine Department of Education has their own set of procedures for determining what the municipality will contribute to education. The Maine DOE formula is “Required Local Contribution = the current Mill Rate multiplied by the municipal valuation”. The Maine DOE sets the current Mill Rate as a cap that the municipality will be required to contribute to education per the Essential Programs and Services (EPS) funding formula. The EPS funding formula is used to equitably distribute the limited state funding. For the 2026 fiscal year (shown), the local contribution cap was a 6.30 Mill Rate. In 2025, it was 6.62.

Note on #4: Maine statute dictates how the education budgets are organized and presented. The amount shown in # 4 can be found in Article 12 of the RSU#39 budget. This is the amount (half from each year) used in the calculation $(\$2,707,911 + \$2,698,945) = \$5,406,856 / 2 = \$2,703,428$. Article 12 raises the funds needed to receive the “Essential Programs and Services Funding” provided for in Maine Statute.

In the RSU#39 budget, Articles 12 through 17 raise funds for the proposed school budget. The larger amounts come from Article 12 and Article 14.

As discussed above, Article 12 raises the funds needed to receive the “Essential Programs and Services Funding” provided for in Maine Statute. Article 13 funds the annual payment on the debt service for money borrowed by the RSU (approved by voters). Article 14 raises and appropriates additional local funds which exceed the State of Maine “Essential Programs and Services Funding” calculation. Article 17 authorizes the adult education program and raises the local share.

For Article 14, the RSU 24-25 budget book shows Article 14 as \$2,519,561 and the RSU 25-26 budget book shows Article 14 as \$2,441,936. This is the amount (half from each) is used in the calculation $(\$2,519,561 + \$2,441,936) = \$4,961,497 / 2 = \$2,480,748.50$.

The voters of Caribou need to pass **Article 12**, as its passage appropriates the funding required to leverage the state money. With the passage of **Article 14**, the RSU#39 raises funds over and above what the state requires.

After the voters pass the RSU#39 budget, the school sends the city a copy of the approved warrant and a spreadsheet to calculate what needs to be raised. This is the spreadsheet from 2025:

COMPUTATION TO DETERMINE CITY APPROPRIATION TO THE GENERAL FUND and ADULT ED FUNDS COMBINED			
Caribou			
School's Fiscal Year 2024-2025 City Appropriation			\$ 5,501,382
7/1/24- 6/30/25			
School's Fiscal Year 2025-2026 City Appropriation			\$ 5,412,309
7/1/25- 6/30/26			
Increase based on school year			\$ (89,073)
City's Fiscal Year 2025			
1/1/25- 6/30/25 (5,501,382 /2)			\$ 2,750,691
7/1/25-12/31/25 (5,412,309 /2)			\$ 2,706,155
Total Appropriation			\$ 5,456,846
City's 2024 Calendar year appropriation			\$ 4,976,200
Increase appropriation based on calendar year			\$ 480,646

If you have any questions, please contact the City of Caribou:

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