

## PROPERTY TAXES

What are property taxes? Property taxes are the key resource for revenue within cities and towns in the Commonwealth. The Assessor's office establishes the "full and fair cash value" of each of the Town's approximately 7,200 taxable real estate parcels and approximately 420 business personal property accounts. The assessed values are the basis of the distribution of the Town's annual property tax levy. Once local receipts are "backed out" of the total budget, the amount remaining is considered the tax levy. This amount is then divided by the total assessed value of the Town. This formula generates a tax rate that is then applied to each individual assessment. This tax revenue is what pays for services in the Town that are not covered by their own fund, state aid or by receipts such as motor vehicle excise, building permit fees, etc.

There are three major components that influence the amount of revenue that can be generated by the property taxes:

1. *Automatic 2.5% increase*-- Based on Proposition 2 ½, a community's levy limit increases automatically by 2.5% over the previous year's limit. This amount is estimated to be \$475,738 for FY 2010.
2. *New Growth* – A community is allowed to increase its tax levy limit beyond the capacity of Proposition 2 ½ by the amount of new growth within the community. This includes new homes, additions, outbuildings etc. Assessors are required to present to the Department of Revenue for its approval, information on growth in the tax base as part of the tax rate setting process. In FY 2010 new growth to be added to the tax levy is approximately \$280,000.
3. *Overrides/Debt Exclusions* – When a community votes in an *override* this creates a *permanent* increase in the annual levy limit. When a *debt exclusion* is passed the levy limit is increased *temporarily* for the life of the debt only. Our most recent debt exclusion was for the school building projects, totaling \$28,690,000.

The following chart shows the actual tax revenue for the current fiscal year and the three previous years.

	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Real Estate	\$19,498,095.02	\$18,889,572.93	\$18,064,612.83	\$17,355,213.29	\$16,725,360.06
Personal Property	<u>\$389,611.88</u>	<u>\$248,057.46</u>	<u>\$190,930.14</u>	<u>\$182,475.84</u>	<u>\$198,068.33</u>
	\$19,887,706.90	\$19,137,630.39	\$18,255,542.97	\$17,537,689.13	\$16,923,428.39

