

Elements of a Tax Rate

- ❑ **Proposition 2 ½**
- ❑ **Levy vs. Budget**
- ❑ **Estimated Receipts, State Aid & Other Revenue**
- ❑ **Debt Exclusions**
- ❑ **Total Taxable Valuation**



Proposition 2 ½

- **Levy Ceiling**: a community cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property.

(Mashpee's Levy Ceiling for FY2009 = \$124,698,668)

- **Levy Limit**: a community cannot levy more than 2.5 percent above the previous year's base levy figure*.

**This figure excludes New Growth and Debt Exclusions.*

(FY2009 Maximum Allowable Levy = \$34,867,311)

Calculating The Levy vs. Budget

- The **Levy** equals the amount to be raised from Town Meeting (**Budget**) minus total Estimated Receipts, State Aid and Other Revenue Sources
- ❑ **Estimated Receipts** comprise things such as fees, excise taxes and investment income
- ❑ **State Aid** is comprised of such things as chapter 70, lottery and school building assistance
- ❑ **Other Revenue Sources** comprise things such as the street betterment fund, ambulance receipts and the CPA fund

FY2009 Example:

$$\begin{array}{rcc} \$51,994,766.40 & - & \$17,129,018.76 = \$34,865,747.64 \\ \text{(Total Budget)} & \text{(Est. Receipts, State Aid \& Other Sources)} & \text{(Levy)} \end{array}$$

Compare to the FY09 Maximum Allowable Levy: \$34,867,311

Four Year Estimated Levy Needed

- **FY2010: \$48,666,557 - \$10,589,870 - \$2,100,000 = \$ 36,076,687**
(Est. Total Budget) (Est. Receipts, State Aid (Free Cash & Overlay) (Estimated Levy Needed)
& Other Sources)
- **FY2011: \$53,618,829 - \$9,773,054 = \$43,845,775**
(Est. Total Budget) (Est. Receipts, State Aid (Estimated Levy Needed)
& Other Sources)
- **FY2012: \$58,733,883 - \$9,102,281 = \$49,631,602**
(Est. Total Budget) (Est. Receipts, State Aid (Estimated Levy Needed)
& Other Sources)
- **FY2013: \$61,948,459 - \$8,495,623 = \$53,452,836**
(Est. Total Budget) (Est. Receipts, State Aid (Estimated Levy Needed)
& Other Sources)

Levy Limit inside Prop. 2 1/2

➤ Levy Limit Calculation:

Previous Year's Levy + 2.5 % + New Growth = Levy Limit + Debt Exclusions = "Maximum Allowable Levy"

□ FY2010:

$$\begin{array}{ccccccc} \$32,746,851 & + & \$818,671 & + & \$200,000 & = & \$33,765,522 & + & \$2,311,165 & = & \$36,076,687 \\ \text{(Previous Year's} & & \text{(2.5 \%)} & & \text{(Est. New Growth)} & & \text{(Levy Limit)} & & \text{(Debt Exclusions)} & & \text{(Maximum Levy)} \\ \text{Base Levy)} & & & & & & & & \text{\& other)} & & \end{array}$$

□ FY2011:

$$\begin{array}{ccccccc} \$33,765,522 & + & \$844,138 & + & \$225,000 & = & \$34,834,660 & + & \$2,240,316 & = & \$37,074,976 \\ \text{(Previous Year's} & & \text{(2.5 \%)} & & \text{(Est. New Growth)} & & \text{(Levy Limit)} & & \text{(Debt Exclusions)} & & \text{(Maximum Levy)} \\ \text{Base Levy)} & & & & & & & & & & \end{array}$$

□ FY2012:

$$\begin{array}{ccccccc} \$34,834,660 & + & \$870,866 & + & \$250,000 & = & \$35,955,526 & + & \$2,636,343 & = & \$38,591,869 \\ \text{(Previous Year's} & & \text{(2.5 \%)} & & \text{(Est. New Growth)} & & \text{(Levy Limit)} & & \text{(Debt Exclusions)} & & \text{(Maximum Levy)} \\ \text{Base Levy)} & & & & & & & & & & \end{array}$$

□ FY2013:

$$\begin{array}{ccccccc} \$35,955,526 & + & \$898,888 & + & \$275,000 & = & \$37,129,414 & + & \$2,416,039 & = & \$39,545,453 \\ \text{(Previous Year's} & & \text{(2.5 \%)} & & \text{(Est. New Growth)} & & \text{(Levy Limit)} & & \text{(Debt Exclusions)} & & \text{(Maximum Levy)} \\ \text{Base Levy)} & & & & & & & & & & \end{array}$$

Four Year Forecast w/ Levy Limit

□ **FY2010: \$48,666,557 - \$10,589,870 - \$2,100,000 = \$ 36,076,687**
(Est. Total Budget) (Est. Receipts, State Aid (Free Cash & Overlay) (Estimated Levy Needed)
& Other Sources)

FY2011 Maximum Allowable Levy = \$36,076,687

□ **FY2011: \$53,618,829 - \$9,773,054 = \$43,845,775**
(Est. Total Budget) (Est. Receipts, State Aid (Estimated Levy Needed)
& Other Sources)

FY2011 Maximum Allowable Levy = \$37,074,976

LEVY SHORTFALL of \$6,770,799

□ **FY2012: \$58,733,883 - \$9,102,281 = \$49,631,602**
(Est. Total Budget) (Est. Receipts, State Aid (Estimated Levy Needed)
& Other Sources)

FY2011 Maximum Allowable Levy = \$38,591,869

LEVY SHORTFALL of \$11,039,733

□ **FY2013: \$61,948,459 - \$8,495,623 = \$53,452,836**
(Est. Total Budget) (Est. Receipts, State Aid (Estimated Levy Needed)
& Other Sources)

FY2011 Maximum Allowable Levy = \$39,545,453

LEVY SHORTFALL of \$13,907,383



Calculating the Tax Rate

□ $\text{Tax Rate} = \text{Levy} / \text{Total Valuation} \times 1,000$

FY 2009 Example:

$$\underset{\text{(Levy)}}{\$34,865,747.64} / \underset{\text{(Total Valuation)}}{4,987,946,730} \times 1,000 = \underset{\text{(Town Tax Rate)}}{\$6.99}$$

Four Year Tax Rate Projection

□ **FY2010: \$7.71 = $\$36,076,687 / \$4,678,686,458 \times 1,000$**
(Max. Levy Limit) {Est. Total Valuation (-6.1%)}

□ **FY2011: \$8.19 = $\$37,074,976 / \$4,528,096,213 \times 1,000$**
(Max. Levy Limit) {Est. Total Valuation (-3.2%)}

LEVY SHORTFALL of \$6,770,799

For every \$100,000 raised from an override add 2 cents to the tax rate. {+\$1.35 = Total Tax Rate of \$9.54}

□ **FY2012: \$8.63 = $\$38,591,869 / \$4,470,343,742 \times 1,000$**
(Max. Levy Limit) {Est. Total Valuation (-1.3%)}

LEVY SHORTFALL of \$11,039,733

For every \$100,000 raised from an override add 2 cents to the tax rate. {+\$2.21 = Total Tax Rate of \$10.84}

□ **FY2013: \$8.85 = $\$39,545,453 / \$4,470,343,742 \times 1,000$**
(Max. Levy Limit) {Est. Total Valuation (-1.3%)}

LEVY SHORTFALL of \$13,907,383

For every \$100,000 raised from an override add 2 cents to the tax rate. {+\$2.78 = Total Tax Rate of \$11.63}



Thank You.



DONE!