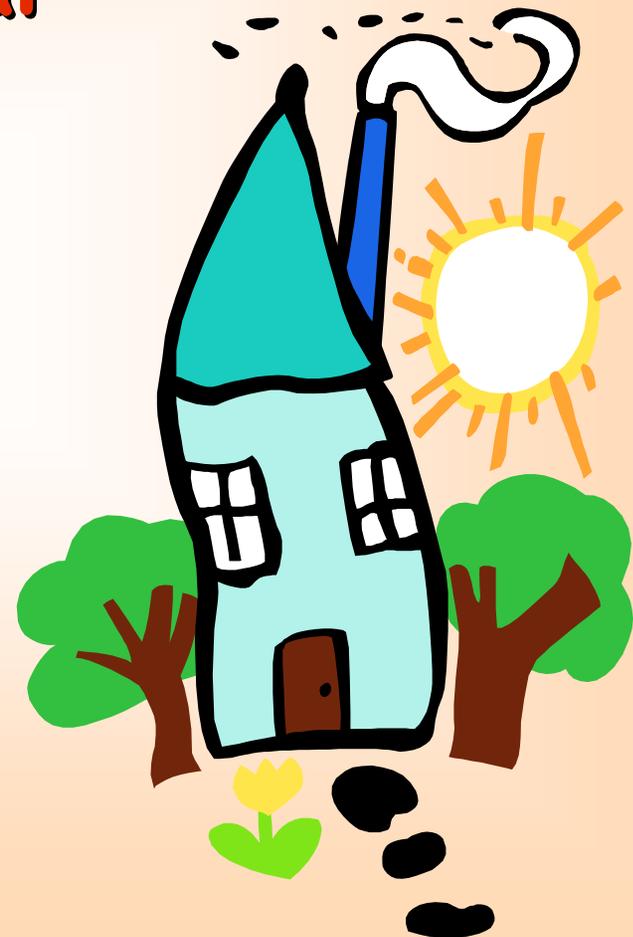


Welcome to...
" Everything you always wanted to
know about **About Real
Estate Taxes...**

But...
were afraid
to **ASK !** "

*Presented by
The Marshfield Board of Assessors*



Welcome to Ourtown, Massachusetts



ASSUMPTIONS

- 20 single family homes
- All identical
- Each one is valued for **FY0001** at \$400,000
- Value of Town = \$8,000,000
- Tax Rate FY01 = \$10 per \$1,000 of Value
- **Tax bill = \$4,000.00**
- Tax Levy Limit = \$80,000
- Tax Levy FY01 = \$80,000

Fiscal Year 0001

SALES OF HOMES IN CALENDAR YEAR 0001



<Sold \$440,000



<Sold \$430,000



<Sold \$420,000



BASED ON THE REAL ESTATE SALES FROM THE PRIOR CALENDAR YEAR, THE NEW VALUES OF HOMES IN OURTOWN HAVE BEEN SET AT \$430,000.

Fiscal Year 0002

SO WHAT DOES THAT MEAN?

FY 0001

- Value of town = \$8,000,000
- Tax Rate = \$10.00
- Average Tax Bill = \$4,000
- Levy = \$80,000.00

FY 0002

- Value of town = \$8,600,000
- Tax Rate = \$9.30
- Average Tax Bill = \$4,000
- Levy = \$80,000.00

**VALUES GO UP, TAX RATE GOES DOWN AND
TAX BILL STAYS THE SAME.**

BUT.....

WHAT ABOUT PROPOSITION 2 1/2?



- **Prop. 2 1/2 says that the town can raise the levy by 2.5%**
- **$\$80,000 \times 2.5\% = \2000**
- **New Levy = \$82,000**

PROPOSITION 2 ½ ALSO SAYS THAT YOU CAN ADD NEW GROWTH TO THE LEVY

So what is NEW GROWTH?



HOUSE VALUE = \$430,000



HOUSE W/ ADDITION = \$500,000

NEW GROWTH = \$70,000/1000 x \$10 = \$700

**SO NOW THE NEW ALLOWABLE
LEVY IS:**

Last Year's Levy + 2 1/2 % + New Growth

\$80,000 + \$2000 + \$700

Equals

\$82,700.00

This is the new allowable levy for FY0002

LET'S RECAP!

- **NEW TOTAL VALUATION = \$8,600,000 + \$70,000 (from new construction) = \$8,670,000**
- **NEW LEVY = \$82,700**
- **$\$82,700 / \$8,670,000 \times 1000 = \text{tax rate}$**
- **NEW TAX RATE = \$9.54**

THEREFORE.....



HOUSE VALUES @ \$430,000

TAX BILL WOULD BE:

$$430,000/1000 \times \$9.54$$

or

\$4,102.20



HOUSE VALUED @ \$500,000

TAX BILL WOULD BE:

$$500,000/1000 \times \$9.54$$

Or

\$4,770.00

PROPOSITION 2 ½ ALSO ALLOW FOR OVERRIDES

- Assume Ourtown, MA needs an operational override to cover certain recurring expenses.
- Assume the override value = **\$10,000**
- Add it to Last Year's Levy + 2 ½ % + New Growth
\$80,000 + \$2000 + \$700 + \$10,000
New Levy for FY0002 = \$92,700
- $\$92,700 / \$8,670,000 \times 1000 = \text{tax rate}$
- New Tax rate = **\$10.69**

This Concludes ...

Everything you wanted to know
about Real Estate taxes but were
afraid to ask!!!



"Proposition 2 1/2 and your
tax bill

