Welcome to...
"Everything you always wanted to know about Real Estate Taxes...
But... we 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

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?

<table>
<thead>
<tr>
<th>FY 0001</th>
<th>FY 0002</th>
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</thead>
<tbody>
<tr>
<td>Value of town</td>
<td>Value of town</td>
</tr>
<tr>
<td>$8,000,000</td>
<td>$8,600,000</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>Tax Rate</td>
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<tr>
<td>$10.00</td>
<td>$9.30</td>
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<tr>
<td>Average Tax Bill</td>
<td>Average Tax Bill</td>
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<tr>
<td>$4,000</td>
<td>$4,000</td>
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<tr>
<td>Levy</td>
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<tr>
<td>$80,000.00</td>
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VALUES GO UP, TAX RATE GOES DOWN AND TAX BILL STAYS THE SAME.

BUT............
What about Proposition 2 ½?

- Prop. 2 ½ 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 = \( \frac{70,000}{1000} \times 10 = 700 \)
SO NOW THE NEW ALLOWABLE LEVY IS:

Last Year’s Levy + 2 ½ % + 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 x 1000 = tax rate
- **NEW TAX RATE** = $9.54
Therefore……

House values @ $430,000
TAX BILL WOULD BE:
430,000/1000 x $9.54
or
$4,102.20

House valued @ $500,000
TAX BILL WOULD BE:
500,000/1000 x $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 $80,000 + $2000 + $700 + $10,000

New Levy for FY0002 = $92,700

- $92,700/$8,670,000 x 1000 = 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