



# A PRIMER ON WESTON'S FINANCES

## *Understand how Weston determines the taxes you pay for the services you want*

This primer sets out to explain the relationship between the Town budget, your taxes, and the quality of Town services you receive, such as education, public safety, open space, and recreation, and includes links to additional information that further explains the tax and budget process. The information below focuses on clarifying the assessment process and the calculation of your taxes.

Services in municipalities are financed mostly by property taxes, but also by fees and distributions of state aid. Each year, revenue and expenditure estimates are developed to form the [Annual Operating budget](#). Thus, Town financial management involves three activities:

1. **Decisions on spending** detailed in the operating budget plus special capital outlays;
2. **Assessment process** that determines each taxpayer's share of the tax burden based on current aggregate real estate valuations;
3. **Collection and management of funds** from taxes and other sources, such as auto excise taxes and fees.

Decisions on spending are based on current levels of service and operational requirements and the collection and management of funds depends on effective performance by Town Hall enacting policies established by the Select Board and the Finance Committee.

### **How does my property assessment relate to taxes?**

The assessments of each property are aggregated to determine the total town's valuation. The state requires a re-assessment every three years to "full and fair cash value" (93-107 percent) of property valuation. Weston's Board of Assessors make annual interim adjustments.

At its most basic, the budget needed to provide the services we want, which is then apportioned to each property owner according to that owner's share of the total valuation. This is the tax rate. The current tax rate is posted on the Board of Assessors' web page on the Town's website at [Weston.org/Assessors](http://Weston.org/Assessors).

### **How are taxes calculated?**

In Weston, the tax rate is a function not only of the total revenues to be raised by real estate taxes (Levy Limit), but also levy exclusions and the contribution to the Community Preservation Act (CPA) surcharge:

The following examines each part of this equation:

$$\text{Weston's Annual Tax Levy} = \text{Levy Limit} + \text{Exclusions} + \text{CPA surcharge}$$

### **What is a Levy Limit?**

[Proposition 2½ was enacted in 1980](#) to limit the reliance on the property tax and give the voters a greater say in approving property tax increases. With inflation and the cost of living routinely pushing the cost of government beyond 2½ percent increases, the legislature provided voters the authority to approve increases greater than 2½ percent, enabling them to consider and determine what kind of community they want and can afford.

A **general override** to Proposition 2½ supports the operating budget and requires a *majority vote by ballot at the Annual Town Election to pass*. Since 1980, the Select Board has recommended a general override 15 times and voters have rejected to do so only once (in 1998). Town leaders are mindful of the tax burden and do everything possible to avoid or limit overrides while maintaining essential services.

There are two components to the law:

1. A **levy ceiling**, or the **maximum levy limit**, is 2.5 percent of the full and fair cash value of taxable real and personal property, as determined by the Town's assessors. This changes as properties are added or removed from the tax roll and as market values change, but *Weston's Annual Tax Levy cannot exceed the Levy Ceiling*.
2. The **levy limit** for a particular year is calculated by increasing the previous year's limit by 2.5 percent and adding

certified new growth and overrides. *The new limit cannot exceed the Levy Ceiling.*

$$\begin{aligned} \text{The Levy Limit} &= \text{Prior Year Levy Limit} + \\ & \quad 2.5\% \\ & + (\text{voter approved override}) + \text{New} \\ & \quad \text{Growth} \end{aligned}$$

**New growth** includes the additional property tax from new construction and additions to properties, exempt real property returned to the tax roll, and new personal property. Although new growth is incorporated into the levy limit calculation, Weston has historically *not included projected new growth* in revenue calculations for the current year, which results in a more conservative outcome.

This then becomes the base for calculating the levy limit for the next year. The Town's actual levy can be any amount up to the limit. If in one year, the levy is below the limit, the levy increase in the following year could exceed 2.5 percent. The difference between the levy and the levy limit is called the **Excess Levy Capacity**.

The Board of Assessors submits an annual [Tax Classification Report](#) to the Select Board outlining these calculations in order to assist the Select Board when it sets the tax rate.

### What are Exclusions?

Taxpayers may vote to fund debt for projects and choose to exclude these payments from the calculation of the levy limit and, therefore, from the base upon which the levy limit is calculated for future years. Unlike overrides, these **Debt Exclusions** or **Capital Outlay Expenditure Exclusions** are temporary increases to the tax levy, lasting the life of the debt or the duration of the capital project.

*Exclusions require a majority vote on the ballot and may increase the levy above the levy ceiling.* Weston has approved a number of debt exclusions and no capital outlay expenditures, because money for capital projects is typically borrowed.

### What is the Community Preservation Act Surcharge (CPA)?

In 2002, Weston voters approved the adoption of the State's Community Preservation Act (MGL Chapter 44B), which authorizes the Town to charge 3 percent (after \$100,000 assessment exemption) quarterly on top of the tax payment. Thus:

$$\begin{aligned} \text{Funds for the Community Preservation Act Surcharge} &= \\ & (\text{New Levy Limit} + \text{Debt Exclusions}) \times 3\% \end{aligned}$$

This money is matched, in part, by the state for the purpose of enabling cities and towns to fund the acquisition and preservation of open space, the creation and support of affordable housing, and the acquisition and preservation of historic buildings and landscapes.

The adoption of the CPA reflects the value Weston citizens place on these issues and has enabled the town to maintain the rural character and mix of housing that has defined the town. To learn more about the CPA, visit the Community Preservation Committee's web page on the Town's website at [Weston.org/CPC](http://Weston.org/CPC).

### Who decides on the budget?

The Select Board is primarily responsible for managing municipal finances while the School Committee is responsible for school finances. The Finance Committee, appointed by the Moderator, is responsible for advising the Select Board and Town Meeting on all fiscal matters. These committees work together every year to develop a responsible and efficient budget.

While the Select Board prepares and presents its recommendation for the Operating Budget, voters have the sole authority to approve its expenditure. Debt exclusions and overrides must gain majority vote by ballot at the Town Election to pass. Voters present at Annual Town Meeting vote on a single combined Annual Budget for the School and Municipal Departments. The Annual Budget and cash capital projects require a simple majority vote, while capital projects, if they involve borrowing, must be approved by a two-thirds majority.