

## **Why do we have property taxes?**

In Massachusetts, municipal revenues to support local spending for schools, public safety, and other public services are raised through the property tax levy, state aid, local receipts and other sources. The property tax levy is the largest source of revenue for most cities and towns and the **levy limit** is the amount of revenue a community can raise through real and personal property taxes.

## **Why do taxes and property values and taxes change every year?**

The Real Estate market changes values every year.

The amount of taxes the town can raise (Levy Limit) automatically increases by 2 ½ % over the previous year's levy limit because of Proposition 2 ½.

The New Growth (from new construction and subdivisions) raises the total value of the town every year.

## **Why is it possible for taxes to go up even if values goes down?**

By law, the Levy Limit increases annually. Also, the values change as a result of the real estate market. Even though your value may go down because of a slumping real estate market, *the levy limit always increases*. Therefore, your taxes can increase even if your value goes down.

## **Who determines each year's values and taxes?**

The Assessors are required by the Massachusetts Department of Revenue to visit properties and review sales data from the previous calendar year to determine the new property values.

The Selectmen determine the shift between the Residential, Commercial and Industrial classes.  
(The Tax Rate = The Levy Limit divided by the total value of the town.)

The Department of Revenue reviews our data and must certify our values to set the new tax rate.

## **What else can change the tax amounts I pay each year?**

A community can *permanently* increase its levy limit by voting an override or it can *temporarily* increase its levy limit by voting a debt exclusion which pays for a specific project for a specific amount of money and is for a predetermined length of time. (i.e. paying for a new school etc)