

The Community Preservation Act in Middleton

The **Community Preservation Act** is new in Middleton for the fiscal year 2005 tax bill. On Tuesday, May 11th, 2005 article 13 was passed and was voted in on Election Day November 2, 2004 by a large margin (2602 yes/957 no).

On the 3rd quarter tax bill you will notice a CPA surcharge. This surcharge is a result of the accepted and voted legislation. This surcharge is based on 1% of the tax assessed on a property. Residential properties are exempted on the first \$100,000 of value.

The following is an example of a tax bill with the surcharge and exemption:

	Assessment	Tax Rate	Tax	CPA Surcharge 1 %
Land	\$ 300,000			
Building	<u>\$ 200,000</u>			
Total	\$ 500,000	\$ 10.19	\$ 5,095.00	
CPA Exemption	\$ 100,000			
Adjusted CPA value	\$ 400,000	\$ 10.19	\$ 4,076.00	\$ 40.76

If you have any specific questions please contact the Assessors Office.

The following is the text from the May 11th, 2004 Town Meeting:

13. On petition of the Master Plan Committee and Board of Selectmen to see if the Town will vote to accept Sections 3 to 7, inclusive of Chapter 44B of the Massachusetts General Laws, otherwise known as the **Massachusetts Community Preservation Act**, by approving a 1% surcharge on real property for the purposes permitted by said Act, including the acquisition, creation and preservation of open space, the acquisition and preservation of historic resources, the acquisition, creation and preservation of land for recreational use, the creation, preservation and support of community housing, and the rehabilitation and restoration of such open space, historic resources, land for recreational use and community housing that is acquired or created as provided under said Act, to determine whether the Town will accept the exemption from such surcharge permitted under Section 3(e) of said Act providing for an exemption of \$100,000 of the value of each taxable parcel of residential real property; or to take any other action relative thereto.

Purpose:

Adoption of the Community Preservation Act (CPA) allows communities to raise and spend funds for 3 designated areas:

- 10% for open space and recreation
- 10% for affordable housing
- 10% for historic preservation
- 70% in any combination for any of the above areas

Communities that adopt the CPA are rewarded with state matching funds from a **designated trust account funded by fees paid at the Registry of Deeds**. So far each community that has adopted the Act has received a 100% match of the locally raised revenue in each year that the CPA has been in existence. The balance in the state trust fund has grown each year because more money is going into the trust fund than is needed for state matching funds. The mechanism for communities to raise local CPA funds is a surcharge on real estate taxes.

The impact of the CPA on local taxes depends on how each community at town meeting decides to spend the CPA funds:

If Middleton uses the CPA to fund necessary projects it would finance entirely from local taxes, then Middleton taxpayers will save money because state funds are helping to finance these project(s).

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In FY02 and FY03 Middleton voters authorized \$303,000 (\$37,000 skateboard park construction, \$158,000 Memorial Hall renovations, \$56,000 Old Town Hall renovations, \$52,000 TIF for property on South Main Street) in projects that fit under the CPA. If we had the CPA, 50% of this amount would have been contributed by the state. **Middleton taxpayers save \$151,500.**

If a community uses the CPA to increase spending, the tax burden will increase. The choice is ours at Town Meeting. The use of local CPA funds and state matching funds is decided by Town Meeting based on recommendations from the Community Preservation Committee.

The CPA is an alternative funding source for Middleton's projects that can lower the overall burden on Middleton taxpayers.

Example:	<u>FY 2004</u>	<u>With FY 2004 CPA</u>
Amount needed for budget		
approved at Town Meeting	\$13,233,914	\$13,233,914
Less State Matching CPA Funds	\$0	(\$100,255)
Total needed from Middleton		
Taxpayers	\$13,233,914	\$13,133,659
Less CPA Surcharge	\$0.00	(\$100,255)
Real Estate Taxes needed	\$13,233,914	\$13,033,404
Tax Rate:	\$10.58	\$10.42
Ave assessed one family	\$427,666	\$427,666
Tax Rate:	\$10.58	\$10.42
Tax Paid:	\$4,525	\$4,456
Surcharge (Tax) Calculation:		\$427,666 value
		<u>-\$100,000 exemption</u>
Remaining Valuation Subject to CPA Tax	\$327,666	
	\$10.42	
	\$3,414	
	1%	
Surcharge:	\$0.00	\$34.14
Total paid:	\$4,524.71	\$4,490.42
AVERAGE SINGLE FAMILY HOME SAVES		\$34.28