

Town of Sandwich Assessing Department

Explanation of LEVY LIMIT – Fiscal 2017

There can be confusion as to how the tax levy is calculated in a Fiscal Year. This handout attempts to explain the adjustments allowed in that process.

First, a couple of facts to bear in mind:

Town Budget – The Town budget is established after a several month long process of meetings and hearings; culminating in **approval by the voters** at the Annual Town Meeting each May.

Tax Levy - The tax levy is the amount of money to be raised to fund the **VOTER APPROVED** Fiscal Year budget after reduction by other sources of revenue (local aid, local receipts such as motor vehicle excise, etc.) That amount must also fall with legal limits as set forth under Proposition 2 ½. There is an excellent primer about Proposition 2 ½ at the Massachusetts Department of Revenue/Division of Local Services website.

Link: <http://www.mass.gov/dor/docs/dls/publ/misc/levylimits.pdf>

The second page of this handout is the levy limit worksheet, used by all Massachusetts communities to calculate the allowable tax levy for each Fiscal Year, including all allowances (debt exclusions, capital exclusions) that are voted outside of Proposition 2 ½.

Please refer to this chart below for explanation for each levy adjustment (starting with Adj.)

Adj. 1	This is the calculation of 2 ½ percent on the PRIOR year Levy Limit
Adj. 2	This is the calculation of new growth (all new constructions, lots, etc.) from the past year. That new value is divided by 1,000 and multiplied by the PRIOR year tax rate – to create a dollar amount that can be added to the levy. This amount is approved by the DOR/Bureau of Local Assessment (form LA-13)
Adj. 3	This number is the annual levy amount for existing, long term debt exclusions , as approved by voters in prior elections. (School construction, Landfill closure, land purchase, etc.)
Adj. 4	This number is the ONE TIME levy amount for the one ballot question for capital debt exclusion , (municipal road improvements) as approved by voters on May 5, 2016. Again - this amount is raised for only Fiscal 2017.
Adj. 5	Annual Cape Cod Commission charge – is raised outside of Proposition 2 ½

Levy Limit Fiscal Year 2017

FOR BUDGET PLANNING PURPOSES

I. TO CALCULATE THE FY 2016 LEVY LIMIT

A. FY 2015 Levy Limit	52,284,061	
A1. ADD Amended FY 2015 Growth	0	
B. ADD (IA + IA1)*2.5%	1,307,102	
C. ADD FY 2016 New Growth	651,155	
C1. ADD FY 2016 New Growth Adjustment	0	
D. ADD FY 2016 Override	0	
E. FY 2016 Subtotal	54,242,318	
F. FY 2016 Levy Ceiling	95,578,333	I. 54,242,318
		FY 2016 Levy Limit

II. TO CALCULATE THE FY 2017 LEVY LIMIT

A. FY 2016 Levy Limit from I	54,242,318	
A1. ADD Amended FY 2016 Growth	0	
B. ADD (IIA + IIA1)*2.5%	Adj 1 1,356,058	
C. ADD FY 2017 New Growth	Adj 2 560,550	
C1. ADD FY 2017 New Growth Adjustment	0	
D. ADD FY 2017 Override	0	
E. ADD FY 2017 Subtotal	56,158,926	
F. FY 2017 Levy Ceiling	97,996,710	II. 56,158,926
		FY 2017 Levy Limit

III. TO CALCULATE THE FY 2017 MAXIMUM ALLOWABLE LEVY

A. FY 2017 Levy Limit from II.	56,158,926	
B. FY 2017 Debt Exclusion(s)	Adj 3 918,091	
C. FY 2017 Capital Expenditure Exclusion(s)	Adj 4 1,300,000	
D. FY 2017 Stabilization Fund Override	0	
E. FY 2017 Other Adjustment	Adj 5 164,113	
F. FY 2017 Water/Sewer	0	
G. FY 2017 Maximum Allowable Levy	58,541,130	

Signatures

Board of Assessors

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Comment:

NOTE : The information was Approved on 3/10/2017