



## *Taxpayer's Complete Guide to the* **Community Preservation Act**

The Community Preservation Act (CPA) was adopted by Belmont voters on November 2, 2010, and the Act began funding in FY2012. The Act established a Community Preservation Fund financed by property tax surcharges and annual distributions received from the State "Massachusetts Community Preservation Trust Fund". All funds are to be used to:

- acquire, create and preserve open space;
- acquire, preserve, rehabilitate and restore historic resources;
- acquire, create, preserve, rehabilitate and restore land for recreational use;
- acquire, create, preserve and support community housing; and
- rehabilitate and restore open space and community housing acquired or created using monies from the fund.

This gives the community the opportunity to determine its priorities, plan for the future, and have the funds to make those plans happen. A Community Preservation Committee composed of local citizens makes recommendations on the use of the funds. Questions regarding the Community Preservation Act should be directed to the Board of Selectmen's Office at 617-993-2610.

### ***Who pays the surcharge?***

The owners of residential and commercial property pay the Community Preservation Act (CPA) surcharge.

### ***How is the Community Preservation Act surcharge calculated?***

For residential property owners, the surcharge is calculated as 1.5% of the product of the net assessed property value and the tax rate. The net assessed property value is the total property value annually established by the Board of Assessors less the \$100,000 exemption in value adopted by the Town. Commercial properties are not eligible for the \$100,000 exemption.

An example of a tax bill and surcharge calculation is shown below using Belmont's Fiscal Year 2014 median single family home assessed value and the FY2014 tax rate.

<b>Tax Bill Calculation Example</b>		
<b>(a)</b>	FY2014 sample single family home assessed value	<b>\$695,000</b>
<b>(b)</b>	FY2014 tax rate (per \$1,000 of assessed value)	<b>\$13.50</b>
<b>(c)</b>	FY2014 property tax (a) x (b)/1,000	<b>\$9,382.50</b>
<b>CPA Surcharge Calculation Example</b>		
<b>(d)</b>	CPA Residential Exemption	<b>\$100,000</b>
<b>(e)</b>	CPA Taxable Value (a) - (d)	<b>\$595,000</b>
<b>(f)</b>	CPA Tax Basis (b) x (e)/1,000	<b>\$8,032.50</b>
<b>(g)</b>	CPA Surcharge Percentage	<b>1.5%</b>
<b>(h)</b>	CPA Surcharge (f) x (g)	<b>\$120.49</b>
<b>Total Tax Bill with CPA (c) + (h)</b>		<b>\$9,502.99</b>

The following two charts further describe the calculation of the CPA surcharge (Pages 2 and 3).

UNDERSTANDING THE CPA SURCHARGE TAX AND HOW IT IS CALCULATED:

Formula:  $(Value - CPA\ Residential\ Exemption\ (residential\ properties\ only)) \times (Tax\ Rate/\$1,000) \times 1.5\%$

The surcharge is levied against the tax amount, not the value of the property. For example, a CPA surcharge of 1.5 percent on a real property tax bill of \$1,000 would be \$15.00, or 1.5 percent of \$1,000 per year.

Property Type	Value	CPA Residential Exemption	Tax Rate Per \$1,000	CPA Surcharge	Calculation
Residential	\$695,000	\$100,000	\$13.50	\$120.49	$= (Value - CPA\ Residential\ Exemption) \times (Tax\ Rate/\$1,000) \times 1.5\%$ $= (\$695,000 - \$100,000) \times (\$13.50/\$1,000) \times 1.5\%$
Mixed Use*	\$200,000 (R ) \$100,000 (C ) \$300,000 (Total)	\$100,000	\$13.50	\$40.50	$= (Value - CPA\ Residential\ Exemption) \times (Tax\ Rate/\$1,000) \times 1.5\%$ $= (\$300,000 - \$100,000) \times (\$13.50/\$1,000) \times 1.5\%$
Commercial	\$900,000	N/A	\$13.50	\$182.25	$= (Value \times (Tax\ Rate/\$1,000)) \times 1.5\%$ $= (\$900,000 \times (\$13.50/\$1,000)) \times 1.5\%$

\*The \$100,000 CP residential exemption applies on the first \$100,000 of the portion of the assessed valuation classified as Class One, Residential, property on a property classified as a multiple use.

**CPA IMPLEMENTED FY2012 WITH:**

- 1) 1.5% SURCHARGE, AND
- 2) \$100,000 OF VALUE EXEMPT OF EACH TAXABLE PARCEL OF RESIDENTIAL REAL PROPERTY

Examples based on actual tax rates for FY10 through FY14.

FY10 TAX RATE	\$12.16
FY11 TAX RATE	\$13.24
FY12 TAX RATE	\$13.35
FY13 TAX RATE	\$13.33
FY14 TAX RATE	\$13.50

CPA showing on tax bill:	<u>1st &amp; 2nd Quarter</u>	<u>3rd &amp; 4th Quarter</u>
FY10	no	no
FY11	no	no
<b>FY12</b>	no	<b>yes</b>
<b>FY13</b>	<b>yes</b>	<b>yes</b>
<b>FY14</b>	<b>yes</b>	<b>yes</b>

FY	ASSESSED VALUE	TAX	TAX PAYMENT FORMULA - 1Q & 2Q	TAX PAYMENT				
				1Q	2Q	3Q	4Q	TOTAL
2010	\$758,000	\$ 9,217.28						\$ 9,217.28
2011	\$731,000	\$ 9,678.44	(\$9,217.28 x 50%)	\$ 2,304.32	\$ 2,304.32	\$ 2,534.90	\$ 2,534.90	\$ 9,678.44
2012	\$735,000	\$ 9,812.25	(\$9,678.44 x 50%)	\$ 2,419.61	\$ 2,419.61	\$ 2,486.52	\$ 2,486.51	\$ 9,812.25
2013	\$740,000	\$ 9,864.20	(\$9,812.25 x 50%)	\$ 2,453.06	\$ 2,453.06	\$ 2,479.04	\$ 2,479.04	\$ 9,864.20
2014	\$745,000	\$ 10,057.50	(\$9,864.20 x 50%)	\$ 2,466.05	\$ 2,466.05	\$ 2,562.70	\$ 2,562.70	\$ 10,057.50

FY	*CPA FORMULA	CPA SURCHARGE	CPA PAYMENT FORMULA - 1Q & 2Q	CPA PAYMENT				
				1Q	2Q	3Q	4Q	TOTAL
2010								
2011								
2012	(\$635,000 x \$13.35/\$1,000) x 1.5%	\$ 127.16				\$ 63.58	\$ 63.58	\$ 127.16
2013	(\$640,000 x \$13.33/\$1,000) x 1.5%	\$ 127.97	\$127.16 x 50%	\$ 31.79	\$ 31.79	\$ 32.20	\$ 32.19	\$ 127.97
2014	(\$645,000 x \$13.50/\$1,000) x 1.5%	\$ 130.61	\$127.97 x 50%	\$ 32.00	\$ 31.99	\$ 33.31	\$ 33.31	\$ 130.61

FY	TOTAL TAX AND CPA PAYMENT				
	1Q	2Q	3Q	4Q	TOTAL
2010					\$ 9,217.28
2011	\$ 2,304.32	\$ 2,304.32	\$ 2,534.90	\$ 2,534.90	\$ 9,678.44
2012	\$ 2,419.61	\$ 2,419.61	\$ 2,550.10	\$ 2,550.09	\$ 9,939.41
2013	\$ 2,484.85	\$ 2,484.85	\$ 2,511.24	\$ 2,511.23	\$ 9,992.17
2014	\$ 2,498.05	\$ 2,498.04	\$ 2,596.01	\$ 2,596.01	\$ 10,188.11

\*With \$100,000 surcharge exemption (FY assessment - \$100,000)

### ***When is the surcharge ordinarily billed and due?***

The surcharge was imposed on the **actual** tax bills for FY2012. It was displayed as a separate item on the last two tax bills: due dates of February 1 and May 1, 2012.

With the CPA surcharge being effective FY2012, the amount shown on each of the 3<sup>rd</sup> and 4<sup>th</sup> quarter tax bills (issued 12/2011 and 03/2012, respectively) reflected the actual surcharge. The actual surcharge was based on the FY2012 tax rate and FY2012 assessed values that were established in the fall of 2011.

The surcharge, subsequently, will be imposed on all preliminary **and** actual tax bills, in other words effective FY2013.

The 1<sup>st</sup> and 2<sup>nd</sup> quarter tax bills will be based on 50% of the previous year's CPA surcharge. For example, the surcharge on the 1<sup>st</sup> and 2<sup>nd</sup> quarter tax bills for FY2013 will reflect 50% of the FY2012 surcharge. The 3<sup>rd</sup> and 4<sup>th</sup> quarter tax bills will reflect the actual surcharge net of estimated 1<sup>st</sup> and 2<sup>nd</sup> quarter payments. For example, the actual surcharge on the 3<sup>rd</sup> and 4<sup>th</sup> quarter tax bills for FY2013 will be based on the FY2013 tax rate and the FY2013 assessed values which will be established in the fall of 2012.

### ***How long will the CPA remain in effect?***

CPA remains in effect for a minimum of five years from the date of voter approval in a municipality. After five years, it can be revoked in the same manner to approve the CPA originally – a majority vote of the legislative body and by referendum. The surcharge continues to be assessed, however, until all obligations incurred and funded by the city/town from CPF revenues are paid.

### ***Can the level of the CPA surcharge be amended?***

A city/town may amend the surcharge percentage and exemptions. Amendment is by majority vote of legislative body and by referendum.

### ***Who determines how the funds raised through the CPA will be spent?***

A Community Preservation Committee, consisting of five to nine members and composed of representatives from the conservation commission, historical commission, planning board, board of park commissioners, and the housing authority, is responsible for evaluating the community preservation needs of the city or town and making recommendations to the community's legislative body as part of the annual budget process. A recommendation by the Community Preservation Committee and an appropriation by the legislative body of the city or town are both required to spend any monies belonging to the fund for particular community preservation purposes.

### ***Are there any exemptions to the CPA surcharge?***

1. All property classified as residential: \$100,000 of the value of the property (the CPA residential exemption).
2. Mixed use properties: \$100,000 of the residential value of the property or the total residential value of the property if it is lower than \$100,000 (the CPA residential exemption).
3. Commercial/Industrial properties: there are no exemptions.
4. Property owned and occupied by person(s) who qualify for the low/moderate income CPA exemption: a full exemption from the surcharge. To receive this exemption, a taxpayer must submit the CPA Low/Moderate Income Exemption Application and must meet the income guidelines established by the State for the size and type of household. Please contact the Assessors' Office at (617) 993-2630 if you have any questions about the exemption, or visit the Assessors' Office of the Town's website at [www.belmont-ma.gov](http://www.belmont-ma.gov).

### ***What are the requirements for a full CPA exemption?***

To qualify for this exemption in FY2016, you must meet certain income thresholds as prescribed by state law. The thresholds for FY2016 are based on 2014 income. An application must be completed and filed with the Assessor's Office.

Supporting documentation is required which will help the Board of Assessors make a determination of your eligibility for this exemption. A birth certificate or current driver's license must be included with your application. Copies of your 2014 federal and state income tax returns will be requested to verify income for each household member.

For FY2016, age and residence requirements must be met as of **January 1, 2015**. The income limits for those 60 years and older and those under 60 years are shown on the following table:

Household Size	FY2016 Annual Income Limit	
	Senior Household Type: Property Owned by Senior (60+)	Non-Senior Household Type: Property Owned by Non-Senior (<60)
<b>1</b>	\$68,950	\$55,200
<b>2</b>	\$78,800	\$63,050
<b>3</b>	\$88,650	\$70,950
<b>4</b>	\$98,500	\$78,800
<b>5</b>	\$106,400	\$85,150
<b>6</b>	\$114,300	\$91,450
<b>7</b>	\$122,150	\$97,750
<b>8</b>	\$130,050	\$104,050

Income limits will be revised each year based on the Area-Wide Median Income determined by the U.S. Department of Housing and Urban Development (HUD). The figures above in both charts are based on the median income amount issued by HUD on 3/6/2015.

Exemption Amount: A qualified taxpayer receives an exemption of the entire surcharge attributable to the real estate tax assessed on the Class One, Residential, assessed valuation of the parcel, regardless of ownership share or number of residential dwellings.

***Can a taxpayer who is eligible to defer their property taxes also defer the CPA surcharge?***

No. The CPA surcharge cannot be deferred.

***Are amounts generated by the surcharge subject to the levy limitations of Proposition 2 ½?***

No. Amounts generated by the surcharge are not subject to the levy limitations of Prop. 2 ½.

## **Community Preservation Act (CPA) Surcharge Exemptions**

An application for exemption from the CPA Surcharge, which is based on income, **must be filed annually with the Board of Assessors.**

If you believe you are eligible, please contact the Assessor's Office at:

Town of Belmont  
Homer Municipal Building  
19 Moore Street, 1<sup>st</sup> Floor  
Belmont, MA 02478  
617-993-2630

Office Hours:  
Monday through Friday:  
8:00 a.m. — 4:00 p.m.

Additional information, including the exemption application and the requirements for the exemption, can be found on the Assessors' Office department page of the Town's website, which is [www.belmont-ma.gov](http://www.belmont-ma.gov).

**Note: the filing of an exemption application does not relieve a taxpayer from paying the surcharge while the application is being reviewed. If an application is approved, you will be refunded amounts already paid.**