

## How the Tax Rate is Calculated?

You should have received your third quarter tax bill for fiscal year 2021 by now. If you have not, call the Tax Collector's Office at (781) 431-1019 ext 2266. Payments are due February 1, 2021.

The town's fiscal year 2021 is from July 1, 2020 to June 30, 2021. Tax bills are issued on a quarterly basis, due: August 1, November 1, February 1, and May 1. The first two bills are preliminary bills. They are based on the previous year's tax plus increases allowed under Proposition 2 ½ for debt exclusions, new growth, and a 2 ½ % levy increase.

The actual tax rate is calculated in December by dividing the total town *tax levy* by the total town *assessed valuation*. The tax levy is the portion of the town's budget, voted at the annual town meeting, which needs to be covered by property taxes. The assessors *do not* determine the amount of taxes to be levied. The property taxes in Wellesley cover about 85% of the total budget. In order for the town to increase the tax levy beyond 2 ½ % over the prior year plus an allowance for new growth, Wellesley voters must approve an override or debt exclusion. An override enables a community to permanently increase its levy limit, while an exclusion only allows for a temporary increase in taxes until the debt on the intended project is paid.

The tax rate is recalculated each year and is not based on an adjustment to the prior year's tax rate.

### The Tax Levy is calculated as follows:

<b>Tax Levy Limit Base Prior Year (FY2020)</b>		\$134,009,065
<b>Additions To FY2020 Levy Limit:</b>		
2.5 % Levy Growth	(+)	\$3,350,227
New Growth in Tax Dollars	(+)	\$1,753,221
Override	(+)	\$0
<b>FY2021 Levy Limit (Before Debt Exclusions)</b>	(=)	\$139,112,513
<b>Amounts Outside Levy Limit (Debt Exclusion):</b>		
Elementary School	(+)	\$2,135,144
Middle School	(+)	\$1,889,400
High School	(+)	\$4,453,053
Morses Pond, Stormwater, DPW bldg	(+)	\$342,532
North 40 Acquisition	(+)	\$1,429,175
Senior Center	(+)	\$160,656
<b>Total Debt Exclusions</b>	(=)	\$10,409,960
<b>Fiscal Year 2021 Tax Levy</b>	(=)	<b>\$149,522,473</b>

The tax rate is the ratio between the Levy and the Total Assessed Value. ( $\$149,522,473 \div \$12,715,947,000$ ). The assessment of each taxable property in town is summed to determine the total assessed value. In Massachusetts the tax rate is expressed as a rate per thousand dollars of value. For fiscal year 2021, for every one thousand dollars in assessed value, a property owner will pay \$11.75. This is just over a 1% tax rate.

The new tax rate is then applied against the new assessments to determine the actual taxes for individual properties. Payments made August 1<sup>st</sup> and November 1<sup>st</sup> are subtracted from the actual tax. The balance of the tax is divided into the last two payments due February 1, 2021 and May 1, 2021.

## Town of Wellesley Assessing Office

When analyzing the total tax obligation from one year to the next, be sure to look at the *total* taxes. Do not multiply any single payment by four. Very seldom are the four payments all equal.

As a final note, both overrides and debt exclusions are mechanisms that were put into place within Proposition 2½ and prevent the town from arbitrarily increasing the tax levy. To increase the levy more than the 2½% cap, the general public must successfully pass an override or debt exclusion. An override becomes a permanent addition to the town's levy limit. Debt exclusions disappear after the debt is paid. Additional material on Proposition 2½ overrides and debt exclusions is available in the assessors' webpage. [www.wellesleyma.gov/Real-Estate-Tax](http://www.wellesleyma.gov/Real-Estate-Tax)