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# TOWN REVENUE & PROPOSITION 2 ½

FINANCE COMMITTEE MEETING – 02/09/2023 (UPDATED FOR 01/25/2024)



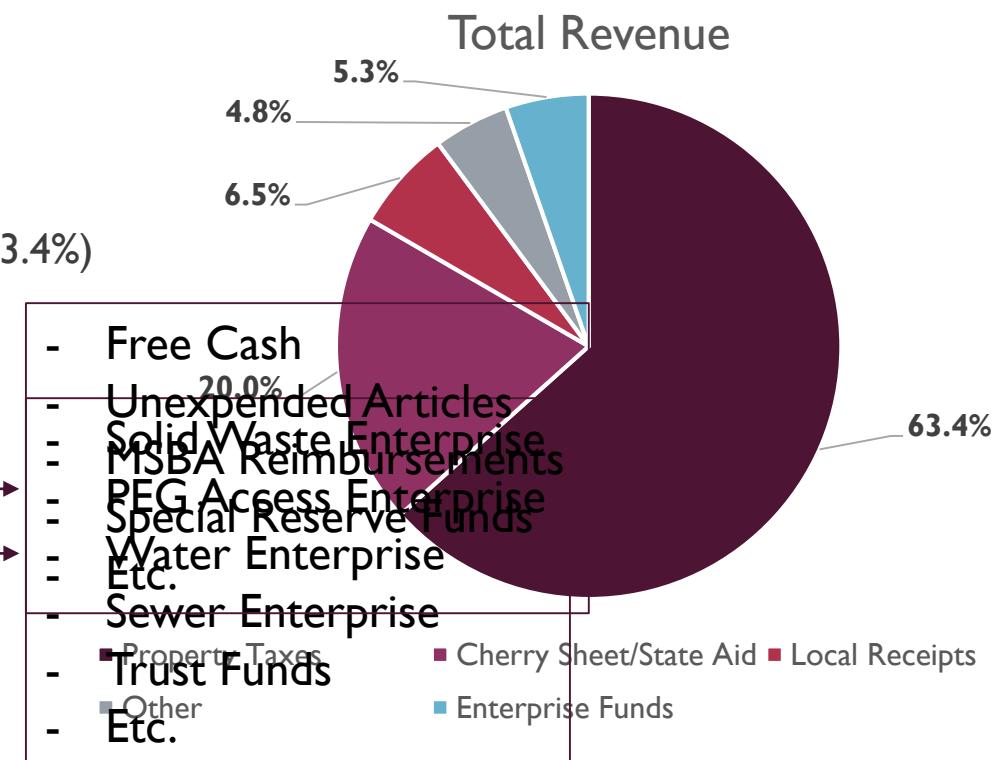
# BREAKDOWN

- Town Revenue
- Levy Ceiling, Levy Limit, & Levy
- Overrides, debt exclusions, & capital outlay expenditure exclusions
- Takeaways

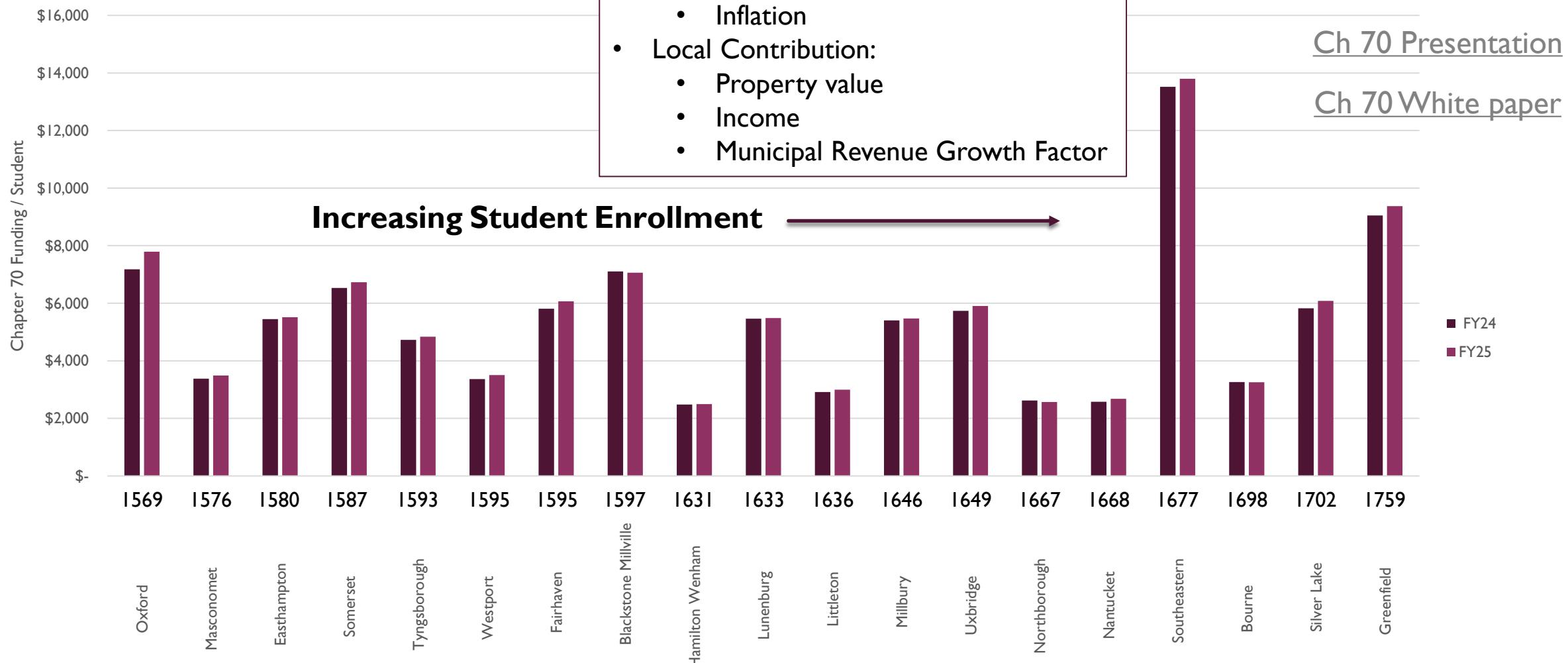
# FY22 TOWN REVENUE

- FY22 Revenue Breakdown:

- Total Revenue - \$47,265,136.82
- Real & Personal Property Taxes (Levy) - \$29,959,875.61 (63.4%)
- Cherry Sheet/State Aid - \$9,440,371.00 (20.0%)
- Local Receipts - \$3,060,153.00 (6.5%)
- Other - \$2,292,281.75 (4.8%)
- Enterprise Funds - \$2,512,455.46 (5.3%)



# STATE AID – CHAPTER 70



# LEVY CEILING, LEVY LIMIT, & LEVY

- Levy Ceiling
  - Maximum allowable Levy Limit based on cumulative assessed property values  $\times$  2.5%
- Levy Limit
  - Maximum Lunenburg can Levy each year without an override
  - Prior year's Levy Limit  $+ 2.5\% +$  New Growth  $+$  Debt Exclusions/Capital Exclusions
- Levy
  - The revenue generated by real and personal property taxes of Lunenburg residents
  - Cannot surpass Levy Limit without a Town vote & a ballot question vote
  - If valuations increase, Levy rate must decrease to keep Levy under Levy Limit

## Example:

Assessed Value = \$1,000,000,000  
2.5% of Assessed Value = \$25,000,000  
Levy Ceiling = \$25,000,000

## Example:

FY12 Levy Limit = \$10,000,000  
2.5% Increase = \$250,000  
New Growth = \$50,000  
Exclusions = \$200,000  
FY13 Levy Limit = \$10,500,000

# OVERRIDES, DEBT EXCLUSIONS, & CAPITAL EXCLUSIONS

- Overrides:
  - Allow the Town to Levy over the Levy Limit (**only to the Levy Ceiling**)
  - Require a Town Meeting vote & a local election ballot vote (**requires majority Select Board vote**)
  - Permanently increases Levy Limit unless an Underride is passed through a town vote & ballot vote
- Debt Exclusions
  - Allow the Town to Levy over the Levy Limit or the Levy Ceiling for the life of the debt
- Capital Exclusions
  - Allow the Town to Levy over the Levy Limit or Levy Ceiling for capital related projects

- Public Works Building
- Public Safety Building
- Primary School
- Middle/High School
- Etc.

- None currently

# DEPARTMENT OF REVENUE LEVY DATA



## Data Analytics and Resources Bureau

Excess Levy Capacity and Override Capacity

Data current as of 01/25/2024

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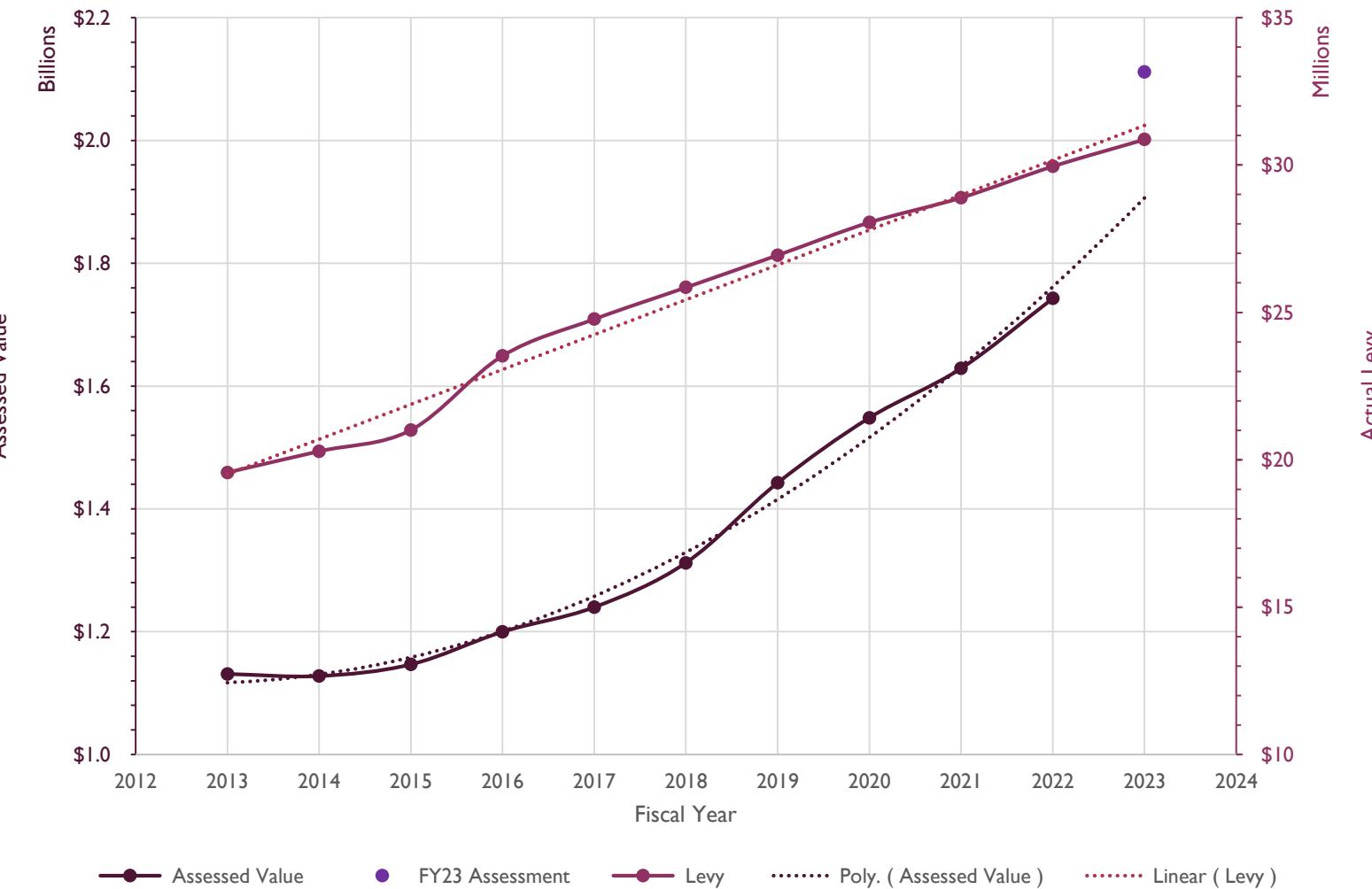
For Questions or Assistance Email us at :

[databank@dor.state.ma.us](mailto:databank@dor.state.ma.us)

Select Municipalities:  Select Fiscal Years:

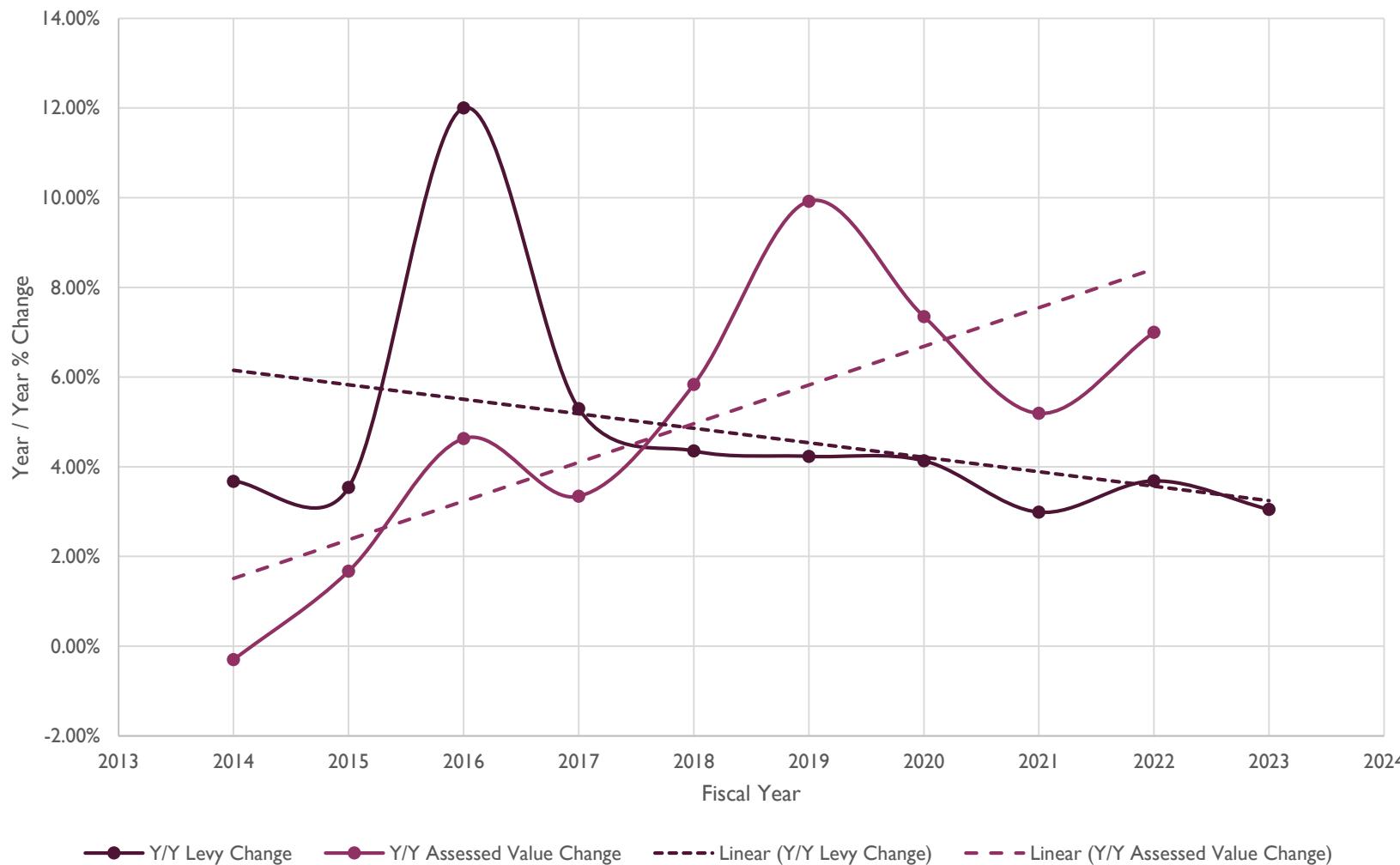
DOR Code	Municipality	Fiscal Year	Levy Limit w/o Debt & Capital Exclusions	Maximum Levy Limit	Total Tax Levy	Excess Levy Capacity	Excess as a % of Maximum Levy	Levy Ceiling	Override Capacity	Override Capacity as a % of Levy Ceiling	Total Assessed Value	Tax Levy as % of Assessed Value
162	Lunenburg	2013	18,661,730	19,569,067	19,566,815	2,252	0.01	28,275,744	9,614,014	34.00	1,131,029,744	1.73
162	Lunenburg	2014	19,425,844	20,290,863	20,286,119	4,744	0.02	28,190,826	8,764,982	31.09	1,127,633,052	1.80
162	Lunenburg	2015	20,173,974	21,205,099	21,003,908	201,191	0.95	28,662,538	8,488,564	29.62	1,146,501,536	1.83
162	Lunenburg	2016	21,039,179	23,534,027	23,524,241	9,786	0.04	29,990,108	8,950,929	29.85	1,199,604,323	1.96
162	Lunenburg	2017	22,054,802	24,770,959	24,769,719	1,240	0.01	30,993,142	8,938,340	28.84	1,239,725,670	2.00
162	Lunenburg	2018	23,087,668	25,848,476	25,847,547	929	0.00	32,801,456	9,713,788	29.61	1,312,058,224	1.97
162	Lunenburg	2019	24,137,396	26,994,911	26,941,205	53,706	0.20	36,056,217	11,918,821	33.06	1,442,248,677	1.87
162	Lunenburg	2020	25,107,062	28,054,410	28,054,407	3	0.00	38,706,411	13,599,349	35.13	1,548,256,450	1.81
162	Lunenburg	2021	26,043,471	28,896,250	28,892,137	4,113	0.01	40,716,090	14,672,619	36.04	1,628,643,589	1.77
162	Lunenburg	2022	27,131,063	29,959,876	29,956,477	3,399	0.01	43,566,721	16,435,658	37.73	1,742,668,830	1.72
162	Lunenburg	2023	28,043,723	30,875,656	30,869,179	6,477	0.02	52,785,874	24,742,151	46.87	2,111,434,940	1.46
162	Lunenburg	2024										

# DOR ANALYSIS: ASSESSED VALUE VS LEVY



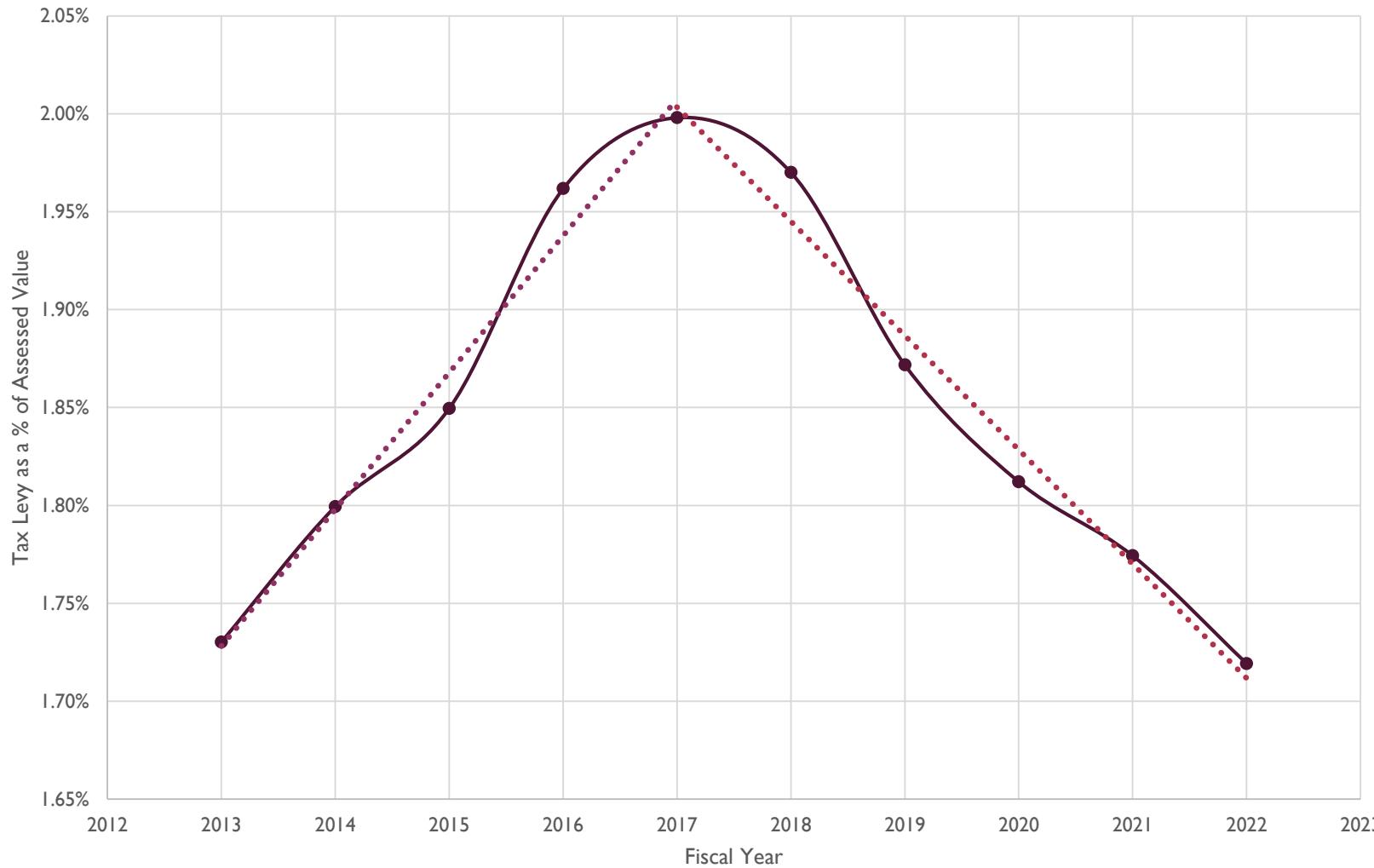
- Assessed Value trend increasing at a parabolic rate
- Tax Levy trend increasing at a linear rate
- Assessed Value increase rate is outpacing Tax Levy increase rate

## DOR ANALYSIS: YEAR/YEAR % CHANGE



- Y/Y Assessed Value change trending up from 2014-2022 by 0.86%
- Assessed Value Y/Y net of:
  - 2020: \$106,007,773
  - 2021: \$80,387,139
  - 2022: \$114,025,241
- Y/Y Levy change trending down from 2014-2023 by -0.32%
- Levy Y/Y net of:
  - 2020: \$1,113,202
  - 2021: \$837,340
  - 2022: \$1,064,340

## DOR ANALYSIS: TAX LEVY AS A % OF ASSESSED VALUE



- Clearest view of Levy vs Assessed Value mismatch
- Increasing trend (2013-2017) indicates Levy outpacing Assessed Value – more available revenue during less growth
- Decreasing trend (2017-2022) indicated Assessed Value outpacing Levy – less available revenue during more growth

## TAKEAWAYS

- Nearly 2/3 of Town revenue is generated from our Levy
- Maximum allowable Levy increase is 2.5% over FY23 numbers + New Growth + Debt
- Levy Override ballot question requires:
  - Select Board majority vote to place the question on the ballot
  - Dollar terms and purpose of override on ballot question
  - Majority vote of electorate on Town ballot question
- Levy rate (per \$1000) is recommended by Assessor's office and approved by SB
- Maximum 2.5% Levy increase is on the TOTAL Levy, NOT on individual properties
- Based on home valuations, individual levy can/will vary from property to property
- Additional Resources:
  - [Mass.gov Prop 2½ Primer](#)
  - [Mass.gov Division of Local Services \(DLS\)](#)