

# The Tax Levy

The Town's main revenue source is property tax revenue. In Massachusetts, tax revenue is governed by State law.

## What is Proposition 2 ½?

Proposition 2 ½, passed in November 1980, places a limit on the property taxes a community can levy each year. The taxing capacity of the Town is limited to a 2.5 percent increase of the prior year's levy limit. In addition, the total levy may increase by taxes attributable to new growth. A town may choose to "override" these limits.

Therefore, without any overrides, the total levy limit is increased by 2.5 percent and a new growth amount certified by the Department of Revenue.

There are Different types of Overrides

## What is a General Override?

A general override can be passed to obtain additional funds for any municipal purpose. A general override permanently increases the Town's levy limit. An override question may be placed on the ballot by a majority vote of the Board of Selectmen and must be passed by a majority of voters.

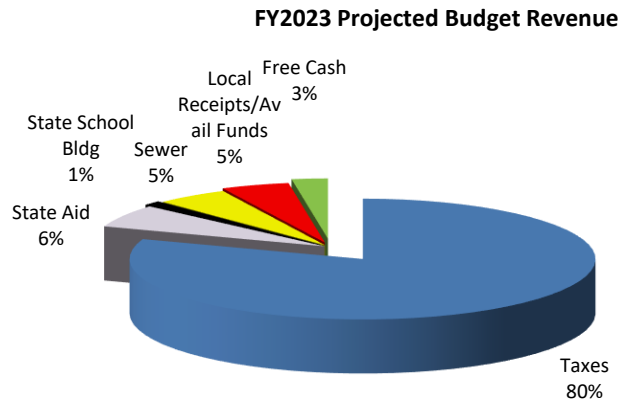
## What is a Debt Exclusion?

## What is a Capital Outlay Expenditure Exclusion?

Proposition 2 ½ allows communities to raise funds for certain purposes above the amount of their levy limits or levy ceilings. Subject to voter approval, a community can assess taxes in excess of its levy limit or levy ceiling for the payment of certain capital projects and for the payment of specified debt service costs. An exclusion for the purpose of raising funds for debt service costs is referred to as a debt exclusion and an exclusion for the purpose of raising funds for capital projects costs is referred to as a capital outlay expenditure exclusion.

The additional amount for the payment of debt service is added to the levy limit or levy ceiling for the life of the debt only. The additional amount for the payment of the capital project cost is added to the levy limit or levy ceiling only for the year in which the project is being undertaken. Unlike overrides, exclusions do not become part of the base upon which the levy limit is calculated in future years.

The history of Westwood's total tax levy and the history of Westwood's override questions are presented on the following pages.



# History of Tax Levy – Budget FY2023

Tax Levy Calculation	FY2019	FY2020	FY2021	FY2022	Budget FY2023	
Prior Year Levy Limit	\$73,558,364	\$76,623,854	\$79,703,916	\$83,076,625	\$86,718,329	
Plus 2.5% Increase	\$1,838,959	\$1,915,596	\$1,992,598	\$2,076,916	\$2,167,958	Plus 2.5%
Plus New Growth**	\$950,531	\$661,466	\$889,111	\$1,356,788	\$450,000	New growth
New Tax Levy - University Station	\$276,000	\$503,000	\$491,000	\$208,000	\$100,000	Uni Station growth
General Overrides	\$0	\$0	\$0	\$0	\$0	General Override
<b>Tax Levy Limit</b>	<b>\$76,623,854</b>	<b>\$79,703,916</b>	<b>\$83,076,625</b>	<b>\$86,718,329</b>	<b>\$89,436,287</b>	
<b>Exempt Debt*</b>	<b>\$1,429,505</b>	<b>\$1,320,986</b>	<b>\$1,217,416</b>	<b>\$1,048,819</b>	<b>\$1,059,561</b>	Exempt Debt
<b>Levy Capacity</b>	<b>\$78,053,359</b>	<b>\$81,024,902</b>	<b>\$84,294,041</b>	<b>\$87,767,148</b>	<b>\$90,495,848</b>	What we could tax
Actual Levy Assessed	\$76,955,697	\$80,224,068	\$83,468,800	\$86,593,963	\$90,335,810	What we actually tax
Excess Levy(Taxes not raised )	\$1,097,662	\$800,834	\$825,241	\$1,173,185	\$160,038	Unused tax levy
Increase in Actual Levy (including new growth)	4.0%	4.2%	4.0%	3.7%	4.3%	
<b>Increase in Levy without new growth</b>	<b>2.33%</b>	<b>2.73%</b>	<b>2.32%</b>	<b>1.87%</b>	<b>3.69%</b>	

\* Exempt debt - This is the net principal and interest payment required each year for borrowing projects approved outside Proposition 2 1/2.

\*\*New Growth - This represents taxes from new residential and commercial development.

- No general override since 2007
- Exempt debt - High School bond ends in 2023