



September, 2021

Dear City/Town Officials:

Your preliminary FY2022 levy limit worksheet is available in Gateway for local officials with Gateway access and also on the [Gateway landing page](#) for all other interested parties. The information should assist in finalizing the city or town's FY2022 budget.

Also available on the Division of Local Services' (DLS) website, [Municipal Finance Training and Resource Center](#), are instructive videos and written guidance to explain, as simply as possible, the basic provisions of Proposition 2½.

Adjustments to your preliminary levy limit should be made to reflect new growth, overrides, debt exclusions, capital expenditure exclusions, etc. If your community is approaching its levy ceiling, which is 2½ percent of the total full and fair cash value of the taxable property in your community, be aware that you may not be able to use the entire 2½ percent increase in the limit, any new growth or overrides.

If you have any questions on the computation of your levy limit or on the reporting of Proposition 2½ referenda, please contact your community's Bureau of Accounts field representative. If you have any questions on the computation of new growth, please contact your community's Bureau of Local Assessment Field Advisor. A directory of [Bureau of Accounts](#) and [Bureau of Local Assessment](#) representatives can also be found on Gateway's landing page.

Sincerely,

Deborah A. Wagner

Deborah Wagner, Director
Bureau of Accounts

Christopher Wilcock

Christopher Wilcock, Chief
Bureau of Local Assessment

INSTRUCTIONS FOR DETERMINING LEVY LIMIT

As will be noted in these instructions, most of the Gateway cells are auto-filled from other data entry forms.

I. TO CALCULATE THE FY2022 LEVY LIMIT

- A. FY2021 Levy Limit – FY2021 levy limit exclusive of debt, capital expenditure or other special exclusion amount per general or special legislation
- A1. Amended FY2021 Growth – FY2021 amended growth reported on form LA-13A and certified by the Bureau of Local Assessment (BLA), before certification of the FY2022 tax rate by the Bureau of Accounts (BOA).
- B. 2.5% Annual Increase – IA plus IA1, multiplied by 2.5%.
- C. FY2022 New Growth – FY2022 new growth reported on form LA-13 and certified by BLA, before certification of the FY2022 tax rate by BOA.
- C1 FY2022 New Growth Adjustment – BLA use only when an adjustment to FY2022 new growth is warranted.
- D. FY2022 Override – FY2022 override(s) approved by voters or amount appropriated for the same purpose(s), whichever is less. Do not include FY2022 debt exclusions, capital expenditure exclusions and/or specific purpose stabilization fund override(s).
- E. FY2022 Subtotal – Add lines IA, IA1, IB, IC, IC1 and ID.
- F. FY2022 Levy Ceiling – FY2022 assessed valuation multiplied by 2.5%.
- I. FY2022 Levy Limit – The lesser of lines IE and IF.

II. TO CALCULATE THE FY2022 MAXIMUM ALLOWABLE LEVY

- A. FY2022 Levy Limit – Amount from I(I) above.
- B. FY2022 Debt Exclusion(s) – For each debt exclusion approved by the voters, the total FY2022 principal and interest due and payable on the borrowing must not include:
- Any state or federal reimbursement received for its share of the project (e.g., Massachusetts School Building Authority (MSBA) payment. See [IGR 08-102](#), *Guidelines for the Application of School Building Assistance Grants*, for details);
 - Bond or note premiums received on excluded debt sold after November 7, 2016 (see [IGR 17-22](#), Premiums and Surplus Proceeds for Proposition 2½ Excluded Debt);
 - Surplus debt proceeds transferred after November 7, 2016 to a non-debt excluded project (see [IGR 17-22](#) as shown above);

- Any betterment or special assessment issued and received after November 7, 2016 for debt service (see below)

Excess Reimbursement

Excess MSBA funds received in any fiscal year after the last fiscal year that debt service is due on an excluded project, must be reported on form DE-1 as an adjustment to reduce all other excluded debt service, which may result in a negative debt exclusion for that fiscal year. These funds may then be applied on page 3 of the Tax Rate and/or Pro Forma Recap as a Miscellaneous Non-Recurring estimated receipt.

Excess/Shortage of Debt Service

Any unspent debt service excluded in FY2021 must be reserved and appropriated for FY2022's debt service for the excluded project. The reservation must be shown on the balance sheet as of June 30, 2021. If the amount was not so reserved and appropriated, contact your BOA field rep for further instructions.

Reserved debt service for an excluded regional school project must be so appropriated within two fiscal years.

Any FY2021 excluded debt service expended more than the amount excluded will not be credited on form DE-1 in FY2022 unless a debt service deficit due to this project is being raised by taxation in FY2022.

Surplus Proceeds

Surplus proceeds must result from reasonable, good faith actions on the part of the treasurer and other local officials in issuing the debt, i.e., not intended to create available funds for other spending purposes.

If the project for which the surplus debt excluded proceeds are appropriated to is not also debt excluded, a new debt exclusion may be requested of the voters by ballot to exclude any surplus proceeds that have not already been spent by referencing in the question the original exclusion and change of purpose.

Premiums

Premiums (net of issuance costs) received at time of sale or net premium balances being amortized, each \$50,000 or less on debt excluded bonds or notes may, but are not required to, be applied in full to reduce the debt exclusion.

Funded Through Other Revenues

If user fees or other local revenues, exclusive of betterments and special assessments, are being used to defray all or part of the costs of the project, a community may exclude a lesser amount of the debt service by reporting these revenues as reimbursements on form DE-1.

However, if betterments or special assessments are being assessed to defray all or part of the debt service on debt authorized on or after November 7, 2016, the betterments or special assessments, including interest on unpaid and apportioned assessments, must be reserved for appropriation for the payment of debt issued in connection with such improvements. [G.L. c. 44, § 53J](#). If the debt has been excluded, only that portion appropriated or raised by the general fund is reported on form DE-1.

Enterprise Fund

A community operating an enterprise fund ([G.L. c. 44, § 53F½](#)) or special revenue fund (water per [G.L. c. 41, § 69B](#), others by special acts) may exclude the gross debt service on a borrowing that has been excluded. If so, it must budget that property tax subsidy to the enterprise fund or special revenue fund. The increase in allowable levy attributable to the exclusion cannot be spent for any other purpose.

Community Preservation Fund

For a community operating a community preservation fund ([G.L. c. 44B](#)), the debt service must be net of the community preservation monies appropriated for the payment.

- C. FY2022 Capital Expenditures Exclusion(s) – For each FY2022 capital expenditure exclusion, report the amount approved in the question or the amount appropriated for the same purpose(s), whichever is less, minus any state or federal reimbursement received for each capital acquisition. For this purpose, a capital expenditure is any item that a community could fund by incurring debt, but has elected to fund by appropriation.

Funded Through Other Revenues

If user fees or other local revenues, exclusive of betterments and special assessments, are being used to defray all or part of the costs of the project, a community may exclude a lesser amount of the capital expenditure by reporting these revenues as reimbursements on form DE-1.

However, if betterments or special assessments are being assessed to defray all or part of the costs of the capital expenditure, the betterments or special assessments, including interest on unpaid and apportioned assessments, must be reserved for appropriation for the costs of the project. [G.L. c. 44, § 53J](#). If the capital cost has been excluded, only that portion appropriated or raised by the general fund is reported on form DE-1.

Enterprise Fund

A community operating an enterprise fund ([G.L. c. 44, § 53F½](#)) or special revenue fund (water per [G.L. c. 41, § 69B](#), others by special acts) may exclude the gross capital expenditure exclusion. If so, it must budget that property tax subsidy to the enterprise fund or special revenue fund. The increase in allowable levy attributable to the exclusion cannot be spent for any other purpose.

Community Preservation Fund

For a community operating a community preservation fund ([G.L. c. 44B](#)), the amount reported must be net of the community preservation monies appropriated for the capital acquisition.

- D. FY2022 Stabilization Fund Override – See [IGR 17-20](#), *Stabilization Funds*, for more details.
- E. FY2022 Other Adjustment – Applicable amount as adopted by:
1. Special legislation (i.e., Cape Cod Commission assessment, certain Regional Refuse Disposal Management District assessments, etc.).
 2. [G.L. c. 111 §127B½](#) for septic system repairs and upgrades, lead paint abatements and underground fuel tank removals, less betterments
- F. FY2022 Water / Sewer – Amounts added under [G.L. c. 59 § 21C\(n\)](#) for water and sewer debt where rates are reduced by the same amount. See [IGR 93-207](#), *Property Tax Increase for Water and Sewer Debt Costs*, for details.
- G. FY2022 Maximum Allowable Levy – Add lines IIIA, IIIB, IIIC, IIID, IIIE and IIIF. This is the maximum amount you may raise in property taxes for FY2022. Your FY2022 tax levy, as reported on the FY2022 Tax Rate Recapitulation form, CANNOT exceed this amount.

IV. REPORTING REQUIREMENTS

All Proposition 2½ ballot votes with final voting results for both wins and losses must be certified by the Clerk and should be submitted within two weeks after the election to the Division of Local Services Municipal Databank. All submissions must include both the sample ballot and certified election results. Missing documentation may cause a delay in certifying your community's annual tax rate.

Clearly indicate the purpose and type of vote (override, underide, debt exclusion or capital expenditure exclusion). Please indicate municipal capital stabilization fund overrides per G.L. chapter 59, § 21C(g) separately. Also, we ask that the form of ballot question votes indicate dollar amounts rounded to whole dollars, as the levy limit form will not accommodate decimals.

Email submissions to the Municipal Databank at databank@dor.state.ma.us. Do not send hard copies of the information through the mail.

To correctly certify your FY2022 levy limit, submit to the Municipal Databank the following:

- A. Overrides
1. New ballot questions, certified by the Clerk, including date of election and number of votes for and against.
 2. Please identify that the ballot question is an override.

3. Copy of the appropriation for the purpose if the override is specific rather than general in nature.
4. Copy of the annual vote by the Selectboard, Town Council or City Council (with the Mayor's approval if required by law) to "appropriate" any of the additional capacity resulting from the special purpose stabilization fund override.

D. Debt Exclusions

1. New ballot question, certified by the Clerk, including date of election and number of votes for and against.

E. Capital Expenditure Exclusions

1. New ballot question, certified by the Clerk, including date of election and number of votes for and against.
2. Please identify that the ballot question is a capital exclusion.
3. Copy of appropriation(s) vote(s) for the purpose(s) stated in the ballot question.