

## **FAQ: Taxes in Bolton**

*Prepared by the Master Plan Steering Committee*

This document answers some frequently asked questions about taxes in Bolton. If you have additional questions, please email them to [bboyle@townofbolton.biz](mailto:bboyle@townofbolton.biz) so that we can update this document. Our goal is to provide useful information to Bolton's residents and taxpayers. Thank you for your interest!

### **Q1. What kinds of taxes does Bolton have?**

Bolton is able to levy taxes based on the full and fair cash value of all real and personal property within the town. Using the values determined by our Board of Assessors, Bolton taxes residential, commercial, and industrial *real estate*. We also tax *personal property* such as computers or similar equipment owned by businesses.

Additionally, Bolton collects *motor vehicle excise* tax based on the values of residents' vehicles. We also collect *room occupancy* tax and *meals* tax on applicable businesses in Bolton.

Overall, the town's primary source of revenue is the real estate tax. Of that, residential property is by far the largest segment. This tax revenue, along with some state aid and some revenue from fees and fines, is used to pay for our annual town budget.

### **Q2. What do our taxes pay for?**

The chart below shows the categories of services that our tax dollars are supporting in FY21. For line-by-line details about the town's most recent operating budget, please see the [FY21 budget](#) that was approved at Annual Town Meeting.

<b>Services / Departments</b>	<b>FY21 Budget (%)</b>	<b>FY21 Budget (\$)</b>
General Government	5.5%	\$1,396,325
Public Safety	10.0%	\$2,525,023
Education	64.9%	\$16,459,965
Public Works	5.8%	\$1,477,835
Human Services	0.7%	\$187,612
Culture & Recreation	2.0%	\$500,100
Debt Service	5.2%	\$1,318,285
Employee Benefits	5.4%	\$1,373,477
Other Insurance	0.5%	\$116,022
<b>TOTAL</b>	<b>100%</b>	<b>\$25,354,643</b>

The largest portion of the budget goes to Bolton's two regional school districts: Nashoba RSD for grades K-12, and Minuteman RVTSD for vocational and technical education in grades 9-12.

**Q3. What are the different classes of property in Bolton and how are they taxed?**

The vast majority of property in Bolton is classified as residential or open space (93.5%). The following table provides a full break-down:

<b>Major Property Class</b>	<b>FY21 Assessed Value</b>	<b>% of total</b>
<b>R</b> esidential	\$1,054,171,449	<b>RO</b> 93.52%
<b>O</b> pen Space	\$0	
<b>C</b> ommercial	\$38,099,651	<b>CIP</b> 6.48%
<b>I</b> ndustrial	\$11,613,500	
<b>P</b> ersonal Property	\$22,685,610	
<b>TOTAL</b>	<b>\$1,126,570,210</b>	

Bolton taxes all classes of property using a single tax rate (see Q5 for the rate calculation). Some communities choose to shift a portion of their tax burden from the residential and open space classes (“RO”) to the commercial, industrial, and personal property classes (“CIP”). This is known as a “split tax rate.”

Every year, the Board of Assessors holds a tax classification hearing with the Board of Selectmen. This meeting is open to the public, and it is when the town decides whether to split the tax rate. You can watch this year’s tax classification hearing online (<https://www.youtube.com/watch?v=x4Xw0t8xWLY>) beginning at 9:39.

For two basic reasons, the Board of Assessors has never advocated for a split rate in Bolton:

1. Much of Bolton’s agricultural land is classified as commercial, and taxing farms at a higher rate would adversely affect those businesses and landowners. The Board of Assessors and Board of Selectmen have always supported a single tax rate as a way of supporting our community’s agricultural businesses.
2. Bolton currently has a very small percentage of CIP property, so even if we opted for a split tax rate, it wouldn’t make much of a dent in reducing residential tax burdens.

**Q4. What is Proposition 2½?**

Proposition 2½ is a law that was passed in the early 1980s. It limits the amount that total property taxes can increase from year-to-year to 2.5% of the previous year’s taxes (this is known as the “levy limit”). It also places an overall ceiling on the total amount the town can raise (this is known as the “levy ceiling”).

For reference, Bolton's total *Tax Levy* in FY21 is \$23,500,254. Our *Levy Limit* for FY21 is \$22,421,921, but when we account for excluded debt, our *Maximum Levy* is \$23,664,958. Our *Levy Ceiling* in FY21 is \$28,164,255 (*i.e.*, 2.5% of our total assessed value).

Proposition 2½ also provides two mechanisms by which taxes can be increased through a ballot vote. These mechanisms allow either (1) a permanent increase for general budget purposes (a general "override," which was last done in Bolton in 2005), or (2) temporary tax increases to finance debt for projects such as school buildings, municipal buildings, or conservation land (known as "debt exclusions"). Debt exclusions go away after the debt is paid off.

The Massachusetts Department of Revenue has produced a series of videos that explain how Proposition 2½ works:

<https://www.youtube.com/watch?v=0mCI6iqtGnM&list=PLfBnwDVE7DgFBJePuMrBUMjVlGv8xp34S>

#### **Q5. How is the tax rate calculated?**

Each year, the town's residents vote to approve an annual operating budget at Town Meeting. The operating budget covers the costs of all town services (including salaries and benefits), as well as the assessments we pay to the regional school districts. At Town Meeting, the residents also vote on other spending items such as capital requests (*e.g.*, vehicle purchases and building repairs). When we combine the operating budget with all of the other approved spending, we get a "total amount to be raised." In FY21, that total amount is \$25,341,643.

From that amount, we subtract any receipts and other revenue sources. That leaves us with the total *Tax Levy* – the amount that the town must raise through taxation in order to cover its appropriations. For FY21, the required Tax Levy is \$23,500,254.

To calculate the *Tax Rate*, we divide the Tax Levy by the total valuation of all classes of property in Bolton (\$1,126,570,210), and then multiply by 1,000:

$$(\$23,500,254 \div \$1,126,570,210) \times 1,000 = \mathbf{\$20.86 \text{ for FY21}}$$

#### **Q6. What is Bolton's average tax bill?**

As shown above, the tax rate for FY21 is \$20.86 per thousand dollars of assessment across all classes of property. The Board of Assessors determines property assessments based on market values in the area and the size of the property, dwelling, and outbuildings. The assessed value of an average single-family home in Bolton is currently \$549,200, and thus the *average single-family FY21 tax bill is \$11,456* (*i.e.*, \$20.86 x 549.2). Higher value properties pay higher

taxes while lower value properties pay less tax – but all properties have the same tax rate.

For FY18, Bolton had the 22<sup>nd</sup> highest average single-family tax bill (rankings for more recent fiscal years are incomplete). The communities with higher average tax bills were: Weston, Lincoln, Sherborn, Wellesley, Carlisle, Dover, Concord, Lexington, Wayland, Winchester, Manchester By The Sea, Cohasset, Belmont, Newton, Wenham, Westwood, Acton, Medfield, Harvard, and Needham. Stow ranked 29<sup>th</sup>, and Lancaster ranked 87<sup>th</sup>.

**Q7. Is Bolton “expensive”?**

This is a loaded question. 😊 On the one hand, it is true that Bolton’s residential tax bill is high compared to the rest of the state. (See Q6.) However, that is largely a function of our tax base being over 90% residential. On the other hand, Bolton is not a particularly high-spending community. As shown below, Bolton is in the middle of other comparable towns when you consider those towns’ dollars-spent-per-resident.<sup>1</sup>

Municipality	Population	Total Budget	Budget Per Capita
Lincoln	6,797	50,532,759	\$ 7,435
Wayland	13,882	93,872,007	\$ 6,762
Carlisle	5,247	32,552,469	\$ 6,204
Littleton	10,241	63,035,830	\$ 6,155
Sudbury	19,627	107,835,900	\$ 5,494
Maynard	10,667	52,371,883	\$ 4,910
Harvard	6,610	32,414,643	\$ 4,904
Berlin	3,220	15,579,389	\$ 4,838
Clinton	14,022	67,057,222	\$ 4,782
<b>Bolton</b>	<b>5,376</b>	<b>25,521,057</b>	<b>\$ 4,747</b>
Stow	7,214	34,009,254	\$ 4,714
Hudson	19,960	89,953,522	\$ 4,507
Acton	23,738	105,717,247	\$ 4,454
Groton	11,386	45,301,637	\$ 3,979
Boxborough	6,388	22,954,739	\$ 3,593
Dunstable	3,404	11,786,028	\$ 3,462
Sterling	8,190	27,712,515	\$ 3,384
Lancaster	8,185	27,340,692	\$ 3,340

Compared with most cities and many other towns, Bolton receives relatively small amounts of state aid, and this reinforces our reliance on property taxes to pay for spending. Our minimal state aid is partially due to Bolton residents’ relatively high income. The following chart shows median household income in 2018 dollars for Bolton and some of its peers.<sup>2</sup>

<sup>1</sup> The data presented are from FY18.

<sup>2</sup> Data are available at: <https://www.census.gov/quickfacts/fact/table/US/PST045219>.

<b>Municipality</b>	<b>Median Household Income</b>
Sudbury	\$ 176,570
Wayland	\$ 174,330
Carlisle	\$ 171,625
<b>Bolton</b>	<b>\$ 155,093</b>
Harvard	\$ 148,625
Stow	\$ 145,967
Acton	\$ 137,910
Groton	\$ 126,883
Lincoln	\$ 122,778
Littleton	\$ 120,638
Boxborough	\$ 108,207
Sterling	\$ 107,348
Lancaster	\$ 103,071
Maynard	\$ 101,324
Hudson	\$ 87,806
Clinton	\$ 66,094