

2001-09B

**COMMUNITY PRESERVATION ACT**

TO: Assessors, Collectors, Treasurers, Accountants, Auditors, City Solicitors,  
Town Counsels, Mayors and Selectmen

FROM: Joseph J. Chessey, Jr., Deputy Commissioner  
Division of Local Services

DATE: September 2001

SUBJECT: FY2002 Implementation of the Community Preservation Act

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This *Bulletin* provides local officials with **amendments** to the guidelines we issued in December 2000 for the implementation of the municipal finance provisions of the Community Preservation Act (CPA). G.L. Ch. 44B. Property Tax Bureau Informational Guideline Release (IGR) No. 00-209 *Community Preservation Fund*. The amendments are found in the **enclosed IGR 01-207**. The *Bulletin* also supplements the guidelines with answers to frequently asked questions received from local officials in the communities that accepted the CPA for implementation in Fiscal Year 2002.

**1. SURCHARGE COMMITMENT AND BILLING**

We understand many communities implementing the CPA in FY02 will not have modifications in their billing software completed in time to bill the surcharge on the same schedule as their property taxes, *i.e.*, on a semi-annual or quarterly payment schedule as provided by the act. G.L. Ch. 44B §3(a). Questions have been asked about whether these technical problems preclude implementation for FY02 and if not, whether they affect the surcharge amount billed.

For FY02, communities may bill the CPA surcharge whenever it is technically feasible. The full surcharge owed for the year based on the selected percentage of the annual real estate tax will be committed and billed regardless of when the surcharge first appears on a tax bill. Ordinarily, the surcharge will be committed at the same time as the preliminary and actual taxes since it will be billed in installments with those tax bills. However, the surcharge is a distinct and separate tax and does not actually have to be committed at same time as the real estate tax commitment to be valid and enforceable. Therefore, for FY02, communities can defer committing and billing the surcharge until later in the year as needed in order to make programming modifications. Taxpayers will simply pay the full amount owed for the year in fewer and larger installments than would otherwise be the case.

The surcharge should be displayed as a separate item on the tax bill much like the tax assessed for a water, fire or other special improvement district. Since billing systems vary so substantially, we do not plan to prescribe the specific placement on the bill. Collectors should work with their vendors to makes the presentation of the bill clear to taxpayers.

We recommend that a stuffer be included with the first tax bill that displays the surcharge. It should explain the purpose and calculation of the surcharge. It should also explain when the surcharge will ordinarily be billed and due, but inform taxpayers of any unique circumstances that will apply for FY02 only. The stuffer can also address the procedures for seeking any local option surcharge exemptions adopted by the community. See Section 4 below.

## **2. SURCHARGE CALCULATION**

Attached are sample calculations that show the basic methodology for determining the amount of the annual CPA surcharge and each surcharge installment payment, preliminary or actual, for both types of payments systems. Attachments 1 (semi-annual) and 3 (quarterly). They also show the impact of the \$100,000 residential surcharge exemption, if adopted, on the calculation of the surcharge. Attachments 2 (semi-annual) and 4 (quarterly).

You should note that tax billing systems vary in the way they generate preliminary installments, with some keyed to the previous year's valuation and tax rate and others to the previous year's tax. Local officials will have to work with their vendors to determine how to generate the result shown in the samples using the method employed under their particular systems.

We have also attached sample calculations that show the impact of property tax abatements or exemptions on the amount of the surcharge. Attachment 5.

### **3. SURCHARGE ABATEMENT/EXEMPTION ACCOUNTING POLICY**

Many local officials, particularly assessors, have raised concerns about accounting for CPA surcharge abatements and exemptions in the overlay account, which was adopted from the policy we established in conjunction with local officials for the Cape Cod Land Bank surcharge. To offset the general fund impact, we had also adopted an accounting standard that credited interest on overdue surcharges to the general fund rather than the special revenue fund, as is typically the case.

The Land Bank Act does not provide for any surcharge exemptions, however. We recognize that this is a significant difference between the two acts and that the administration of the CPA local option exemptions, particularly the low income or low or moderate income senior exemption, may have an adverse impact on municipal overlay accounts.

A review of the exemptions adopted by communities that accepted the CPA for FY02 reinforced the concerns expressed by assessors and other local officials. Therefore, we have **amended** the accounting procedures in order to give communities the flexibility to process CPA exemptions both before and after the surcharge is committed for the year.

The new policy is summarized below. Please refer to the enclosed IGR 01-207 for a detailed explanation of the new procedures and the revised Community Preservation Surcharge Report (CP-1) and accounting entries that result from the new policy.

#### **a. Surcharge Abatements and Exemptions**

**All** reductions in committed surcharges will now be charged to the surcharge receivable of the fiscal year, **not** the overlay account, and the amount of any surcharge abatement or exemption separately stated on abatement certificates and reports.

#### **b. Interest on Delinquent Surcharges**

All accrued interest on overdue surcharges will now be credited to the Community Preservation Fund, **not** the general fund.

#### **4. SURCHARGE EXEMPTIONS**

As you are aware, the CPA is silent about the actual administration of its three local option surcharge exemptions: (1) the \$100,000 residential exemption, (2) the commercial/industrial exemption, and (3) the low income or low or moderate income senior exemption. This gives rise to a number of difficult interpretation issues, particularly with respect to the low income or low or moderate income senior exemption has been adopted by most communities that have accepted the CPA.

We address some of the most common questions about surcharge exemptions below. Please refer to the enclosed IGR 01-207 for more detailed guidelines regarding eligibility requirements and procedures, including the formula assessors should use in establishing annual eligibility requirements for the low income or low or moderate income senior exemption. Also attached to the IGR is a model assessors may use in developing an application form for that exemption.

**a. Are taxpayers who receive partial property tax exemptions completely exempt from the CPA surcharge?**

No. We read the Community Preservation Act as exempting a taxpayer who receives a property tax exemption from a CPA surcharge on the **exempted property tax only**. Consequently, a taxpayer who receives a partial property tax exemption will receive a pro-rata reduction in the surcharge. Only those persons or entities fully exempt from property taxes are completely exempt from the surcharge. See IGR 00-209, II-B and F.

**b. Who has the power to grant CPA exemptions?**

The assessors. The CPA surcharge is a tax assessed by the board of assessors. Therefore, the assessors determine whether a taxpayer qualifies for an exemption from that surcharge. Assessors may seek the assistance of their housing authorities and other boards or officers in the review process, but the final decision to grant or deny an exemption belongs to them.

**c. What is the date used to determine if a taxpayer qualifies for a CPA exemption?**

January 1. The surcharge is on the real estate tax assessed as of January 1 and the CPA does not expressly provide for any other eligibility date. Moreover, the \$100,000 residential exemption and commercial/industrial exemption are based on the usage classification of the property for the fiscal year, which is determined as of January 1. Therefore, we believe that any ownership, occupancy, age, income or usage classification requirement for a CPA exemption must be met as of January 1.

**d. Does the \$100,000 residential exemption apply to property classified as multiple use?**

Yes. It applies to the real estate tax assessed on the first \$100,000 of the portion of the assessed valuation classified as Class One, Residential, property.

**e. Do all co-owners of a residential property have to occupy the property for the low income or low or moderate income senior exemption to be granted?**

No. Only the applicant must own and occupy the property as a domicile. Co-owners may be domiciled elsewhere.

**f. Do all co-owners of a residential property have to meet the income standard for the low income or low or moderate income senior exemption to be granted?**

Yes. Co-owners are jointly and severally liable for the tax and any agreement they have as to payment is a private matter. Therefore, an exemption of property with any co-owner who has income above the applicable limit effectively exempts a person clearly not entitled under the statutory definition of exemption beneficiaries.

**g. Is there an asset standard a taxpayer applying for the low income or low or moderate income senior exemption must meet?**

No. We read the CPA as defining the class of eligible persons strictly in terms of annual income. The definition of annual income is based in part on formulas used to determine income eligibility under state public housing programs, which are similar in many respects to standards used in federal programs. Under those programs, it appears that housing authorities may under certain circumstances impute income to certain income producing assets that do not actually earn income that would otherwise be included in the applicant's annual income, *e.g.*, rental property for which the owner does not actually receive rent. We believe, however, that assessors should generally consider actual income only.

**h. What is the deadline for applying for a CPA exemption?**

There is none. The CPA does not establish any deadline for applying for a surcharge exemption.

Pending any amendment of the act by the legislature, we think you should seek the advice of your city solicitor or town counsel to determine if a local filing deadline can be established by by-law or ordinance. We have discussed this issue with the Director of the Attorney General's Municipal Law Unit and those preliminary and non-binding discussions suggest this approach should be further explored with legal counsel.

**i. Can a taxpayer who is denied a CPA exemption appeal?**

No. The CPA does not establish any application or appeal procedure. Again, you should seek advice from your city solicitor or town counsel about whether a local appeal procedure, *i.e.*, to another municipal board or officer, could be established by by-law or ordinance.

**j. Are applications for CPA surcharge exemptions public records?**

Unknown. The CPA does not expressly exempt applications for CPA exemption from public disclosure.

We have requested a written advisory opinion from the Supervisor of Public Records about whether the general privacy exemption of the public records law might exempt those portions of the applications that contain financial and other personal information. We will advise communities of the Supervisor's decision upon its receipt. In the meantime, you should seek an opinion on this issue from your city solicitor or town counsel.

**5. ORGANIZATION OF THE COMMUNITY PRESERVATION COMMITTEE AND APPROPRIATION/RESERVATION OF FY02 FUND REVENUES FOR EXPENDITURE**

We have been asked what happens to surcharge revenues if the Community Preservation Committee is not organized until later in the year or does not make spending recommendations for FY02.

The failure to organize a committee does not affect the assessment and collection of the surcharge. If the community accepted the act, the surcharge must be assessed for FY02 unless the acceptance vote specified a later implementation date.

However, the community must obtain legislative body approval **before** the FY02 tax rate is set if it wants to appropriate **any** FY02 estimated Community Preservation Fund revenues for committee FY02 operating expenses or particular projects, or reserve any of the revenues for future appropriation during FY02 or beyond. Since no appropriations or reservations of fund revenues can be made without a prior recommendation from the committee, this means that the committee must be organized and must present its recommendations to the legislative body before the rate is set. As you know, a minimum of 10% of the annual estimated fund revenues must be earmarked by appropriation or reservation for each of the following community preservation purposes: (1) open space (excluding recreational uses), (2) historic resources and (3) community housing. For FY02, please note that fund revenues consist of the estimated surcharge levy only.

If the committee has organized, but has not yet identified any projects for funding, it may simply recommend that the legislative body allocate a specified dollar amount of the estimated revenues to each of the three reserves: (1) open space, (2) historic resources and (3) community housing. Then, if the committee identifies and recommends particular projects for funding after the tax rate is set, the legislative body can appropriate the necessary funds from the applicable reserve. Again, a minimum of 10% of estimated revenues must be reserved for each category.

In the event, however, that **no appropriations or reservations** are made before the tax rate is set, then the legislative body will be **limited** to funding FY02 community preservation expenditures by borrowing to the extent permissible. See IGR 00-209, IV-A, page 17. In addition, the **accounting officer must reserve** 10% of the fund balance as of June 30, 2002 for **each** of the **three categories of community preservation purposes** in order to ensure compliance with the statutory allocation requirement for FY02. See Section 6 below. Once reserved, the funds can be appropriated by the legislative body for particular projects within the particular category upon recommendation of the committee.

## **6. AVAILABILITY OF COMMUNITY PRESERVATION FUND BALANCE**

The Community Preservation Fund balance is **not** an available financing source during FY02. This is because a fund balance is determined as of year end, *i.e.*, June 30, based on a comparison of budgeted to actual revenues and expenditures for the year. Therefore, fund balance becomes available for use as an appropriation financing source each year **only** after the accounting officer closes the municipal accounts for the fiscal year and reports the balance to the Bureau of Accounts. See IGR 00-209, Section VII, "*Community Preservation Fund Report*" (Form CP-2). The balance remains available until June 30 and no further appropriations may be made after that date until the accounting officer determines the new year end balance and reports it to the Bureau of Accounts.

The accounting officer should provide a copy of the annual CP-2 report to the Community Preservation Committee and other boards or officers with financial responsibilities in order to notify them of the balance available for appropriation until the end of the current fiscal year.

## **7. FY02 TAX RATE PROCESS**

Communities implementing the CPA are required to report appropriations and reservations from fund financing sources on the annual tax rate recapitulation and submit supporting documentation (Schedule A-4). See IGR 00-209, VIII-J, page 25. However, a Schedule A-4 need **not** be submitted with the FY02 tax rate if the legislative body does **not appropriate or reserve** any FY02 estimated fund revenues. See Section 5 above.

## **8. BORROWING**

We have been asked whether fund revenues may be used to pay for debt service on debt already authorized or issued for purposes that come within the CPA, such as an acquisition of open space.

Fund revenues may be used to pay debt service only on a borrowing that was specifically authorized under the CPA. Debt authorized under the CPA is general obligation debt of the community and a decision to commit future fund rather than general revenues to its repayment must be **expressly** made by referring to the CPA in the borrowing authorization vote. See IGR 00-209, Sample Appropriation Votes, for warrant article and borrowing authorization language. Once fund revenues are so committed, the Community Preservation Committee has a responsibility to ensure fund revenues are allocated each year for the debt service. See IGR 00-209, VI-D-2.

If you have any questions about the municipal finance provisions of the CPA, please contact the Property Tax Bureau legal staff.

Attachment 1

**COMMUNITY PRESERVATION SURCHARGE CALCULATIONS  
SEMI-ANNUAL BILLING SYSTEM**

**Examples based on 3% CPA surcharge implemented in FY2002 without \$100,000 surcharge exemption**

**Example 1 Regular property tax billing cycle**

- 1<sup>st</sup> half installment of FY real estate tax and surcharge due November 1 (or 30 days after billing)
  - 2<sup>nd</sup> half installment of FY actual real estate tax and surcharge due May 1

FISCAL YEAR	ASSESSED VALUATION	TAX	TAX PAYMENTS	CPA SURCHARGE	CPA PAYMENTS
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"><li>• \$1,550 1<sup>st</sup> half</li><li>• \$1,550 2<sup>nd</sup> half</li></ul>	<b>\$93</b> (3,100 FY02 tax x 3%)	<ul style="list-style-type: none"><li>• \$46.50 1<sup>st</sup> half</li><li>• \$46.50 2<sup>nd</sup> half</li></ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"><li>• \$1,639 1<sup>st</sup> half</li><li>• \$1,639 2<sup>nd</sup> half</li></ul>	<b>\$98.34</b> (3,278 FY03 tax x 3%)	<ul style="list-style-type: none"><li>• \$49.17 1<sup>st</sup> half</li><li>• \$49.17 2<sup>nd</sup> half</li></ul>

### Example 2 Preliminary property tax billing cycle

- preliminary installment of FY real estate tax and surcharge due November 1 (or 30 days after billing)
- final installment of balance on FY real estate tax and surcharge due May 1

FISCAL YEAR	ASSESSED VALUATION	TAX	TAX PAYMENTS	CPA SURCHARGE	CPA PAYMENTS
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"> <li>• \$1,500 preliminary tax <sup>1</sup> (<b>3,000</b> FY01 tax x 50%)</li> <li>• \$1,600 tax balance (<b>3,100</b> FY02 tax – 1,500 prel. tax)</li> </ul>	<b>\$93</b> ( <b>3,100</b> FY02 tax x 3%)	<ul style="list-style-type: none"> <li>• \$45 preliminary CPA (<b>1,500</b> FY02 preliminary tax x 3%)</li> <li>• \$48 CPA balance (<b>93</b> FY02 CPA – 45 prel. CPA)</li> </ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"> <li>• \$1,550 preliminary tax (<b>3,100</b> FY02 tax x 50%)</li> <li>• \$1,728 tax balance (<b>3,278</b> FY03 tax – 1,550 prel. tax)</li> </ul>	<b>\$98.34</b> ( <b>3,278</b> FY03 tax x 3%)	<ul style="list-style-type: none"> <li>• \$46.50 preliminary CPA (<b>1,550</b> FY03 preliminary tax x 3%)</li> <li>• \$51.84 CPA balance (<b>98.34</b> FY03 CPA - 46.50 prel. CPA)</li> </ul>

### Example 3 Preliminary property tax billing cycle – No CPA surcharge billed with FY2002 preliminary tax

FISCAL YEAR	ASSESSED VALUATION	TAX	TAX PAYMENTS	CPA SURCHARGE	CPA PAYMENTS
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"> <li>• \$1,500 preliminary tax (<b>3,000</b> FY01 tax x 50%)</li> <li>• \$1,600 tax balance (<b>3,100</b> FY02 tax – 1,500 prel. tax)</li> </ul>	<b>\$93</b> ( <b>3,100</b> FY02 tax x 3%)	<ul style="list-style-type: none"> <li>• \$0 preliminary CPA</li> <li>• <b>\$93</b> CPA balance</li> </ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"> <li>• \$1,550 preliminary tax (<b>3,100</b> FY02 tax x 50%)</li> <li>• \$1,728 tax balance (<b>3,278</b> FY03 tax – 1,550 prel. tax)</li> </ul>	<b>\$98.34</b> ( <b>3,278</b> FY03 tax x 3%)	<ul style="list-style-type: none"> <li>• \$46.50 preliminary CPA (<b>1,550</b> FY03 preliminary tax x 3%)</li> <li>• \$51.84 CPA balance (<b>98.34</b> FY03 CPA - 46.50 prel. CPA)</li> </ul>

<sup>1</sup> Preliminary tax in example based on 50% of the previous fiscal year's tax, but it may be increased to include 50% of Proposition 2½ annual 2.5% levy limit increase. overrides and exclusions

Attachment 2

**COMMUNITY PRESERVATION SURCHARGE CALCULATIONS  
SEMI-ANNUAL BILLING SYSTEM**

**Examples based on 3% CPA surcharge implemented in FY2002 with \$100,000 surcharge exemption**

**Example 1 Regular property tax billing cycle**

- 1<sup>st</sup> half installment of FY real estate tax and surcharge due November 1 (or 30 days after billing)
  - 2<sup>nd</sup> half installment of FY actual real estate tax and surcharge due May 1

FISCAL YEAR	ASSESSED VALUATION	TAX	TAX PAYMENTS	CPA SURCHARGE	CPA PAYMENTS
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"><li>• \$1,550 1<sup>st</sup> half</li><li>• \$1,550 2<sup>nd</sup> half</li></ul>	<b>\$46.50</b> (100,000 x 15.50/1000) x 3%	<ul style="list-style-type: none"><li>• \$23.25 1<sup>st</sup> half</li><li>• \$23.25 2<sup>nd</sup> half</li></ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"><li>• \$1,639 1<sup>st</sup> half</li><li>• \$1,639 2<sup>nd</sup> half</li></ul>	<b>\$53.64</b> (120,000 x 14.90/1000) x 3%	<ul style="list-style-type: none"><li>• \$26.82 1<sup>st</sup> half</li><li>• \$26.82 2<sup>nd</sup> half</li></ul>

## Example 2 Preliminary property tax billing cycle

- preliminary installment of FY real estate tax and surcharge due November 1 (or 30 days after billing)
- final installment of balance on FY real estate tax and surcharge due May 1

FISCAL YEAR	ASSESSED VALUATION	TAX	TAX PAYMENTS	CPA SURCHARGE	CPA PAYMENTS
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"> <li>• \$1,500 preliminary tax <sup>2</sup> (<b>3,000 FY01 tax</b> x 50%)</li> <li>• \$1,600 tax balance (<b>3,100 FY02 tax</b> – 1,500 prel. tax)</li> </ul>	<b>\$46.50</b> (100,000 x 15.50/1000) x 3%	<ul style="list-style-type: none"> <li>• \$22.50 preliminary CPA [(200,000 FY01 AV - 100,000) x 15.00/1000 FY01 tax rate] x 3% x 50%</li> <li>• \$24 CPA balance (<b>46.50 FY02 CPA</b> – 22.50 prel. CPA)</li> </ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"> <li>• \$1,550 preliminary tax (<b>3,100 FY02 tax</b> x 50%)</li> <li>• \$1,728 tax balance (<b>3,278 FY03 tax</b> – 1,550 prel. tax)</li> </ul>	<b>\$53.64</b> (120,000 x 14.90/1000) x 3%	<ul style="list-style-type: none"> <li>• \$23.25 preliminary CPA (<b>46.50 FY02 CPA</b> x 50%)</li> <li>• \$30.39 CPA balance (<b>53.64 FY03 CPA</b> – 23.25 prel. CPA)</li> </ul>

## Example 3 Preliminary property tax billing cycle – No CPA surcharge billed with FY2002 preliminary tax

FISCAL YEAR	ASSESSED VALUATION	TAX	TAX PAYMENTS	CPA SURCHARGE	CPA PAYMENTS
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"> <li>• \$1,500 preliminary tax (<b>3,000 FY01 tax</b> x 50%)</li> <li>• \$1,600 tax balance (<b>3,100 FY02 tax</b> – 1,500 prel. tax)</li> </ul>	<b>\$46.50</b> (100,000 x 15.50/1000) x 3%	<ul style="list-style-type: none"> <li>• \$0 preliminary CPA</li> <li>• <b>\$46.50</b> CPA balance</li> </ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"> <li>• \$1,550 preliminary tax (<b>3,100 FY02 tax</b> x 50%)</li> <li>• \$1,728 tax balance (<b>3,278 FY03 tax</b> – 1,550 prel. tax)</li> </ul>	<b>\$53.64</b> (120,000 x 14.90/1000) x 3%	<ul style="list-style-type: none"> <li>• \$23.25 preliminary CPA (<b>46.50 FY02 CPA</b> x 50%)</li> <li>• \$30.39 CPA balance (<b>53.64 FY03 CPA</b> – 23.25 prel. CPA)</li> </ul>

<sup>2</sup> Preliminary tax in example based on 50% of the previous fiscal year's tax, but it may be increased to include 50% of Proposition 2½ annual 2.5% levy limit increase. overrides and exclusions

Attachment 3

**COMMUNITY PRESERVATION SURCHARGE CALCULATIONS  
QUARTERLY BILLING SYSTEM**

**Examples based on 3% CPA surcharge implemented in FY2002 without \$100,000 surcharge exemption**

**Example 1 Regular property tax billing cycle**

- equal preliminary installments of FY real estate tax and surcharge due August 1 (1<sup>st</sup> Q) and November 1 (2<sup>nd</sup> Q)
- equal installments of balance due on FY real estate tax and surcharge due February 1 (3<sup>rd</sup> Q) and May 1 (4<sup>th</sup> Q)

FISCAL YEAR	ASSESSED VALUATION	TAX	TAX PAYMENTS	CPA SURCHARGE	CPA PAYMENTS
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"> <li>• \$1,500 preliminary tax due: <sup>3</sup> <b>(3,000 FY01 tax x 50%)</b></li> <li>• <b>1Q \$750</b></li> <li>• <b>2Q \$750</b></li> <li>• \$1,600 tax balance due: <b>(3,100 FY02 tax - 1,500 prel. tax)</b></li> <li>• <b>3Q \$800</b></li> <li>• <b>4Q \$800</b></li> </ul>	<b>\$93</b> (3,100 FY02 tax x 3%)	<ul style="list-style-type: none"> <li>• \$45 preliminary CPA due: <b>(1,500 FY02 preliminary tax x 3%)</b></li> <li>• <b>1Q \$22.50</b></li> <li>• <b>2Q \$22.50</b></li> <li>• \$48 CPA balance due: <b>(93 FY02 CPA - 45 prel. CPA)</b></li> <li>• <b>3Q \$24</b></li> <li>• <b>4Q \$24</b></li> </ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"> <li>• \$1,550 preliminary tax due: <b>(3,100 FY02 tax x 50%)</b></li> <li>• <b>1Q \$775</b></li> <li>• <b>2Q \$775</b></li> <li>• \$1,728 tax balance due: <b>(3,278 FY03 tax - 1,550 prel. tax)</b></li> <li>• <b>3Q \$864</b></li> <li>• <b>4Q \$864</b></li> </ul>	<b>\$98.34</b> (3,278 FY03 tax x 3%)	<ul style="list-style-type: none"> <li>• \$46.50 preliminary CPA due: <b>(1,550 FY03 prel. tax x 3%)</b></li> <li>• <b>1Q \$23.25</b></li> <li>• <b>2Q \$23.25</b></li> <li>• \$51.84 tax balance due: <b>(98.34 FY03 CPA - 46.50 prel. CPA)</b></li> <li>• <b>3Q \$25.92</b></li> <li>• <b>4Q \$25.92</b></li> </ul>

<sup>3</sup> Preliminary tax in example based on 50% of the previous fiscal year's tax, but it may be increased to include 50% of Proposition 2½ annual 2.5% levy limit increase, overrides and exclusions

**Example 2 Regular property tax billing cycle - No CPA surcharge billed with FY2002 preliminary tax**

<b>FISCAL YEAR</b>	<b>ASSESSED VALUATION</b>	<b>TAX</b>	<b>TAX PAYMENTS</b>	<b>CPA SURCHARGE</b>	<b>CPA PAYMENTS</b>
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"> <li>• \$1,500 preliminary tax due: (<b>3,000</b> FY01 tax x 50%)</li> <li>• <b>1Q \$750</b></li> <li>• <b>2Q \$750</b></li> <li>• \$1,600 tax balance due: (<b>3,100</b> FY02 tax - 1,500 prel. tax)</li> <li>• <b>3Q \$800</b></li> <li>• <b>4Q \$800</b></li> </ul>	<b>\$93</b> ( <b>3,100</b> FY02 tax x 3%)	<ul style="list-style-type: none"> <li>• \$0 preliminary CPA</li> <li>• <b>\$93</b> CPA surcharge due:</li> <li>• <b>3Q \$46.50</b></li> <li>• <b>4Q \$46.50</b></li> </ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"> <li>• \$1,550 preliminary tax due: (<b>3,100</b> FY02 tax x 50%)</li> <li>• <b>1Q \$775</b></li> <li>• <b>2Q \$775</b></li> <li>• \$1,728 tax balance due: (<b>3,278</b> FY03 tax - 1,550 prel. tax)</li> <li>• <b>3Q \$864</b></li> <li>• <b>4Q \$864</b></li> </ul>	<b>\$98.34</b> ( <b>3,278</b> FY03 tax x 3%)	<ul style="list-style-type: none"> <li>• \$46.50 preliminary CPA due: (<b>1,550</b> FY03 prel. tax x 3%)</li> <li>• <b>1Q \$23.25</b></li> <li>• <b>2Q \$23.25</b></li> <li>• \$51.84 tax balance due: (<b>98.34</b> FY03 CPA - 46.50 prel. CPA)</li> <li>• <b>3Q \$25.92</b></li> <li>• <b>4Q \$25.92</b></li> </ul>

Attachment 4

**COMMUNITY PRESERVATION SURCHARGE CALCULATIONS  
QUARTERLY BILLING SYSTEM**

**Examples based on 3% CPA surcharge implemented in FY2002 with \$100,000 surcharge exemption**

**Example 1 Regular property tax billing cycle**

- equal preliminary installments of FY real estate tax and surcharge due August 1 (1<sup>st</sup> Q) and November 1 (2<sup>nd</sup> Q)
- equal installments of balance due on FY real estate tax and surcharge due February 1 (3<sup>rd</sup> Q) and May 1 (4<sup>th</sup> Q)

FISCAL YEAR	ASSESSED VALUATION	TAX	TAX PAYMENTS	CPA SURCHARGE	CPA PAYMENTS
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"> <li>• \$1,500 preliminary tax due: <sup>4</sup> (<b>3,000</b> FY01 tax x 50%)</li> <li>• <b>1Q \$750</b></li> <li>• <b>2Q \$750</b></li> <li>• \$1,600 tax balance due: (<b>3,100</b> FY02 tax – 1,500 prel. tax)</li> <li>• <b>3Q \$800</b></li> <li>• <b>4Q \$800</b></li> </ul>	<b>\$46.50</b> ( <b>100,000</b> x 15.50/1000) x 3%	<ul style="list-style-type: none"> <li>• \$22.50 preliminary CPA due: [(<b>200,000</b> FY01 AV - <b>100,000</b>) x <b>15.00/1000</b> FY01 tax rate] x 3% x 50%</li> <li>• <b>1Q \$11.25</b></li> <li>• <b>2Q \$11.25</b></li> <li>• \$24 CPA balance due: (<b>46.50</b> FY02 CPA – 22.50 prel. CPA)</li> <li>• <b>3Q \$12</b></li> <li>• <b>4Q \$12</b></li> </ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"> <li>• \$1,550 preliminary tax due: (<b>3,100</b> FY02 tax x 50%)</li> <li>• <b>1Q \$775</b></li> <li>• <b>2Q \$775</b></li> <li>• \$1,728 tax balance due: (<b>3,278</b> FY03 tax – 1,550 prel. tax)</li> <li>• <b>3Q \$864</b></li> <li>• <b>4Q \$864</b></li> </ul>	<b>\$53.64</b> ( <b>120,000</b> x 14.90/1000) x 3%	<ul style="list-style-type: none"> <li>• \$23.25 preliminary CPA due: (<b>46.50</b> FY02 CPA x 50%)</li> <li>• <b>1Q \$11.63</b></li> <li>• <b>2Q \$11.62</b></li> <li>• \$30.39 tax balance due: (<b>53.64</b> FY03 CPA – 23.25 prel. CPA)</li> <li>• <b>3Q \$15.20</b></li> <li>• <b>4Q \$15.19</b></li> </ul>

<sup>4</sup> Preliminary tax in example based on 50% of the previous fiscal year's tax, but it may be increased to include 50% of Proposition 2½ annual 2.5% levy limit increase, overrides and exclusions

**Example 2 Regular property tax billing cycle - No CPA surcharge billed with FY2002 preliminary tax**

<b>FISCAL YEAR</b>	<b>ASSESSED VALUATION</b>	<b>TAX</b>	<b>TAX PAYMENTS</b>	<b>CPA SURCHARGE</b>	<b>CPA PAYMENTS</b>
<b>FY2001</b>	\$200,000	<b>\$3,000</b> (200,000 x 15.00/1000)			
<b>FY2002</b>	\$200,000	<b>\$3,100</b> (200,000 x 15.50/1000)	<ul style="list-style-type: none"> <li>• \$1,500 preliminary tax due: (<b>3,000</b> FY01 tax x 50%)</li> <li>• <b>1Q \$750</b></li> <li>• <b>2Q \$750</b></li> <li>• \$1,600 tax balance due: (<b>3,100</b> FY02 tax - 1,500 prel. tax)</li> <li>• <b>3Q \$800</b></li> <li>• <b>4Q \$800</b></li> </ul>	<b>\$46.50</b> ( <b>100,000</b> x 15.50/1000) x 3%	<ul style="list-style-type: none"> <li>• \$0 preliminary CPA</li> <li>• <b>\$46.50</b> CPA surcharge due:</li> <li>• <b>3Q \$23.25</b></li> <li>• <b>4Q \$23.25</b></li> </ul>
<b>FY2003</b>	\$220,000	<b>\$3,278</b> (220,000 x 14.90/1000)	<ul style="list-style-type: none"> <li>• \$1,550 preliminary tax due: (<b>3,100</b> FY02 tax x 50%)</li> <li>• <b>1Q \$775</b></li> <li>• <b>2Q \$775</b></li> <li>• \$1,728 tax balance due: (<b>3,278</b> FY03 tax - 1,550 prel. tax)</li> <li>• <b>3Q \$864</b></li> <li>• <b>4Q \$864</b></li> </ul>	<b>\$53.64</b> ( <b>120,000</b> x 14.90/1000) x 3%	<ul style="list-style-type: none"> <li>• \$23.25 preliminary CPA due: (<b>46.50</b> FY02 CPA x 50%)</li> <li>• <b>1Q \$11.63</b></li> <li>• <b>2Q \$11.62</b></li> <li>• \$30.39 tax balance due: (<b>53.64</b> FY03 CPA - 23.25 prel. CPA)</li> <li>• <b>3Q \$15.20</b></li> <li>• <b>4Q \$15.19</b></li> </ul>

Attachment 5

**COMMUNITY PRESERVATION SURCHARGE  
IMPACT OF PROPERTY TAX ABATEMENTS/EXEMPTIONS**

**Examples based on \$15.00 tax rate and 3% CPA surcharge**

(In charts: AV = Assessed Valuation FCV = Fair cash valuation RE = Residential exemption)

**Example 1 Overvaluation/other abatement**

<b>Original real estate tax</b>	\$200,000 AV	\$3,000 tax (200,000 x 15.00/1000)	\$90 CPA surcharge (3,000 x 3%)
<b>Abatement</b>	\$ 20,000 AV	300 (20,000 x 15.00/1000)	9 (300 x 3%)
<b>Amount owed</b>	\$180,000 AV	\$2,700 tax	\$81 CPA surcharge

**Example 2 Personal exemption**

<b>Original real estate tax</b>	\$200,000 AV	\$3,000 tax (200,000 x 15.00/1000)	\$90 CPA surcharge (3,000 x 3%)
<b>Exemption</b>		500	15 (500 x 3%)
<b>Amount owed</b>		\$2,500 tax	\$75 CPA surcharge

**Example 3 \$100,000 surcharge exemption and overvaluation/other abatement**

<b>Original real estate tax</b>	\$200,000 AV	\$3,000 tax (200,000 x 15.00/1000)	\$45 CPA surcharge (100,000 x 15.00/1000) x 3%
<b>Abatement</b>	\$ 20,000 AV	300 (20,000 x 15.00/1000)	9 (300 x 3%)
<b>Amount owed</b>	\$180,000 AV	\$2,700 tax	\$36 CPA surcharge

(over)

**Example 4 \$100,000 surcharge exemption and personal exemption**

<b>Original real estate tax</b>	\$200,000 AV	\$3,000 tax (200,000 x 15.00/1000)	\$45 CPA surcharge (100,000 x 15.00/1000) x 3%
<b>Exemption</b>		500	15 (500 x 3%)
<b>Amount owed</b>		\$2,500 tax	\$30 CPA surcharge

**Example 5 \$50,000 residential exemption and \$100,000 surcharge exemption**

<b>Original real estate tax</b>	\$200,000 AV (250,000 FCV – 50,000 RE)	\$3,000 tax (200,000 x 15.00/1000)	\$45 CPA surcharge (100,000 x 15.00/1000) x 3%
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