

Re-evaluating our CPA tax rate and its debt burden on taxpayers before the next Debt Exclusion

Presentation to Town Meeting

April 2019

Presented by Bridger McGaw
(Town Meeting Member: Precinct 6)

How did this Article come about?

At local events, neighbors kept asking a similar set of questions:

- What can be done by the Town about our increasing residential taxes?**
- Can we increase tax revenues or control expenses?**
- What will be the financial impact on our taxes from the many capital projects and then a future high school?**
- Are we partnering with others to address any of these issues?**

What does this Article seek to do?

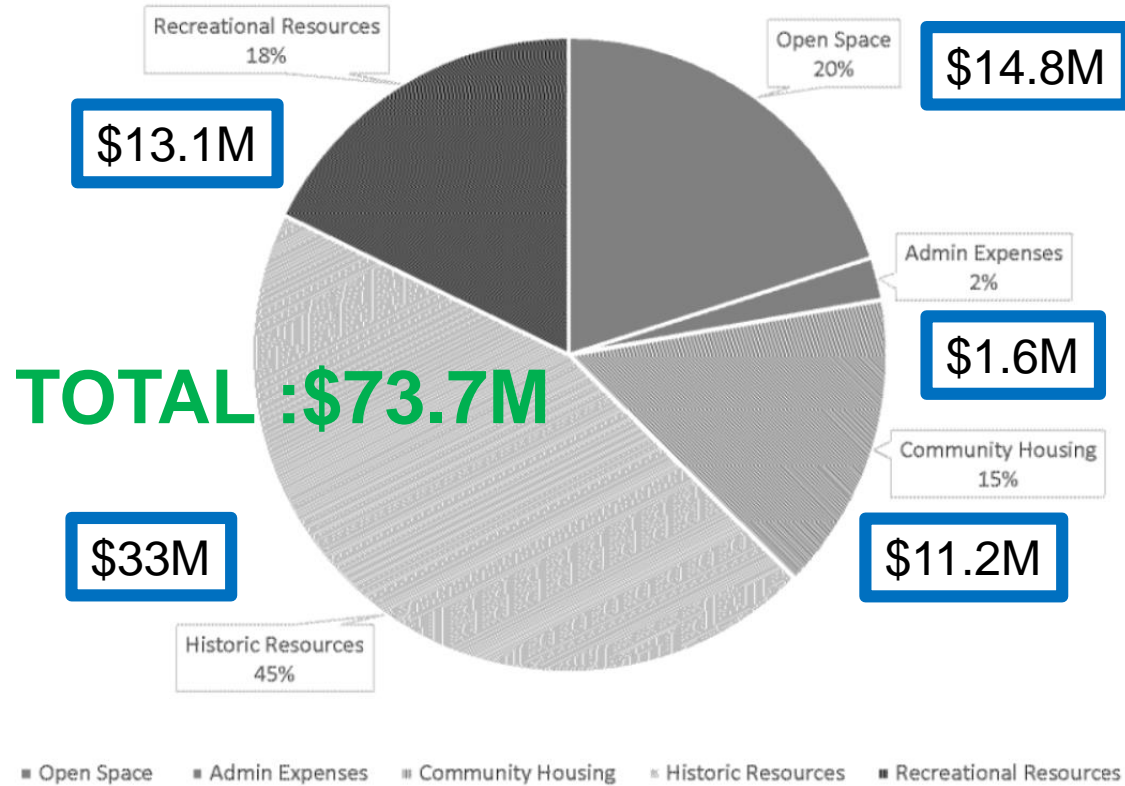
1. **Reduce the property tax burden on home owners through gradual reduction of the voluntary CPA Surtax from 3% to 1%**
2. **Start a conversation that last was held in 2011 about the level of CPA tax residents should bear in the face of \$350M+(?) high school**
3. **Break the cycle of over reliance on funding CPA projects through debt – thus making them more expensive and locking us into lengthy future year payments using only CPA funds**
4. **Acknowledge that some CPA “projects” have become more like annual “operational costs” and should be moved into town budget, if needed**
5. **Start a discussion by revisiting/clarifying/resetting what the characteristics of a “priority CPA project” are against other competing town priorities**

Why Now?

- Residential Taxes on homeowners keep going up, every year --- and the CPA is adding another burden on top of that.
- There are major capital needs still to come – Police Station, High School, the Lexington Center Streetscape – and the [Boston Globe reports](#) about the new Belmont High School that Belmont “town treasurer Floyd Carman has estimated the project would add **\$1,810 to the annual tax bill for a \$1 million single-family home for 30 years.** In Belmont, that’s just about the average value of a single-family home, which drew a \$12,196 tax bill in 2018, state records show.”
- Tradeoffs need to be considered or made – and a more transparent debate on the status of CPA and what it means to town longer term, is needed.

From the 2018 CPA Needs Assessment:

Appropriated To-Date by Category as of 7/1/18



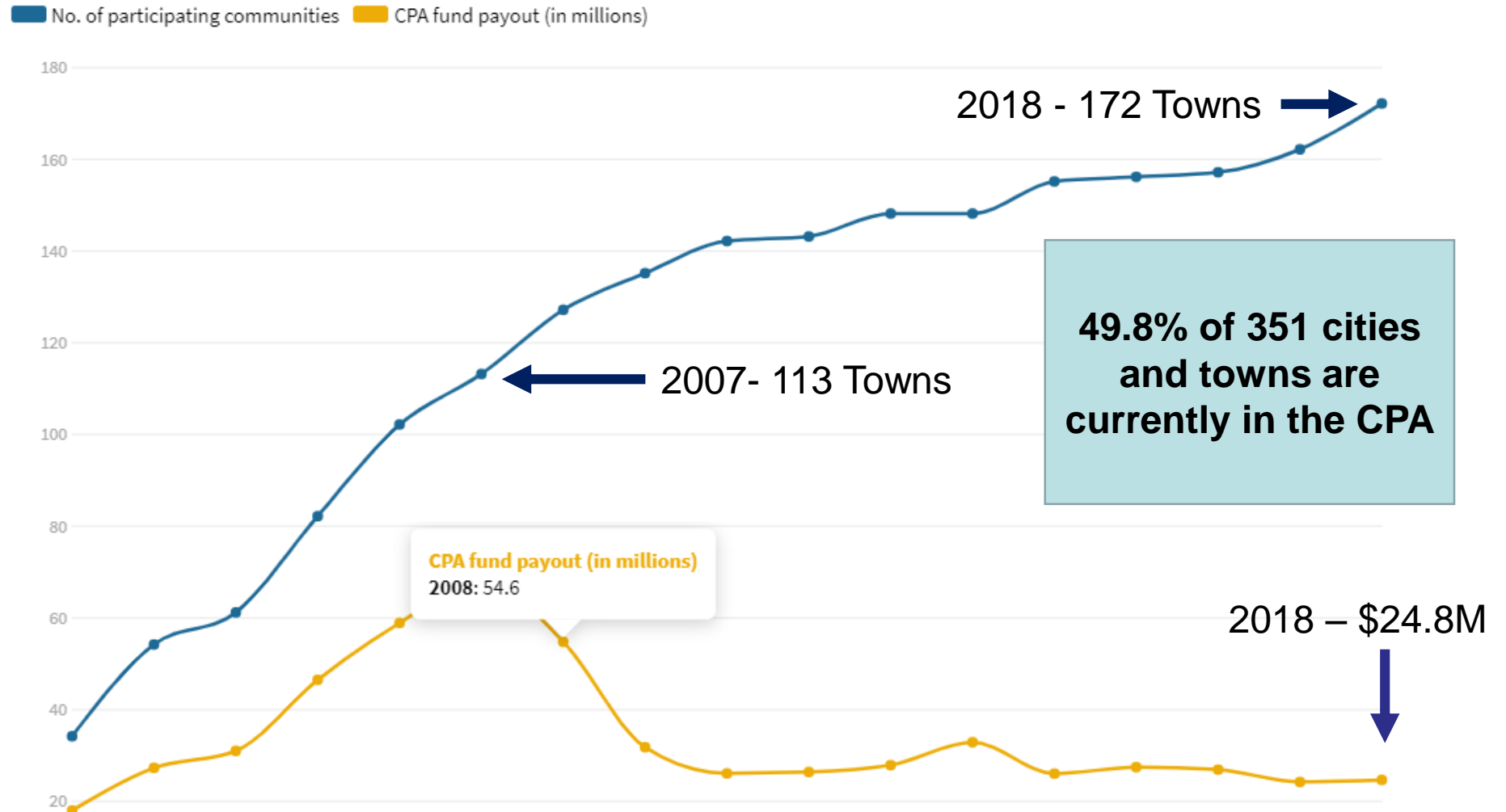
Record of Lexington's CPA State Matching Funds
(Source: Massachusetts Department of Revenue)

CPA STATE MATCHING FUNDS TO DATE		
FISCAL YEAR	PERCENTAGE	AMOUNT
2008	100.00	\$2,556,362
2009	69.40	\$1,927,708
2010	36.17	\$1,060,390
2011	28.22	\$858,729
2012	27.62	\$885,463
2013	27.79	\$929,507
2014	54.09	\$1,932,347
2015	32.56	\$1,230,116
2016	30.70	\$1,229,774
2017	21.30	\$897,243
2018	17.80	\$789,905
2019	19.80	\$922,256
TOTAL		\$15,219,800



More Towns, Less Money

CPA funds have dwindled as the number of participating communities has grown



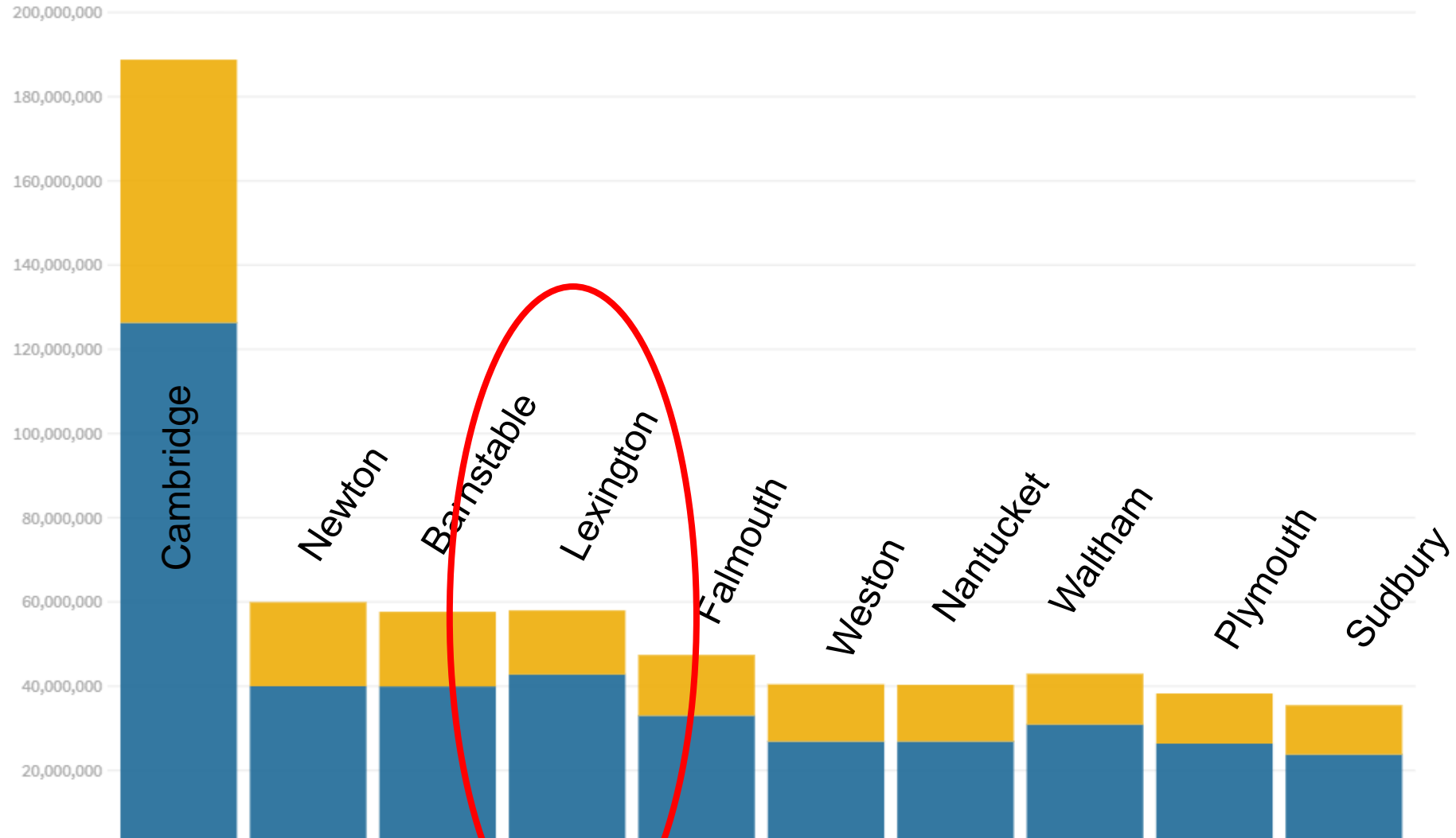
49.8% of 351 cities and towns are currently in the CPA

Source: [Wicked Local](#) 12/18/18

CPA Top 10 Communities

Municipalities to receive the most CPA funds since it started

Local CPA tax revenue 2002-2019 CPA funds received 2003-2019



A Flourish data visualisation

Source: Wicked
Local 12/18/18

Let's look at Debt Service which was estimated for FY2019-2025 at **\$15.96M...**

CPA Projected Debt Service

	Amount	ATM Action	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Wright Farm (actual debt service) - from Open Space	\$ 2,950,000	2012	\$ 365,800	\$ 351,050	\$ 339,250	\$ 324,500	\$ 309,750	\$ -	\$ -	\$ -
Marrett Rd. Purchase (actual debt service) - from Historic Resources and Unbudgeted Reserves	\$ 7,390,000	2013	\$ 917,100	\$ 880,100	\$ 850,500	\$ 808,500	\$ 771,750	\$ -	\$ -	\$ -
Cary Memorial Building Construction (actual debt service) - from Unbudgeted Reserves	\$ 6,569,000	2014	\$ 812,200	\$ 786,000	\$ 759,800	\$ 733,600	\$ 707,400	\$ 681,200		
Center Track Project (projected debt service)	\$ 2,829,000	2018	\$ 999,580	\$ 999,580	\$ 971,290	\$ -	\$ -	\$ -	\$ -	\$ -

Total Projected Debt Service			\$ 3,094,680	\$ 3,016,730	\$ 2,920,840	\$ 1,866,600	\$ 1,788,900	\$ 681,200	\$ -	\$ -
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Now estimated for FY2020-25 at **\$13.4M...**

MOTION

- **The intent of the Article is better than the wording – so as taxpayers we should be excited to see the Select Board and Town Manager requesting the opportunity to further review the CPA program within our fiscal policy with these other major projects on the horizon.**
- **I move that the Article 4 be indefinitely postponed.**