

***What is the Community
Preservation Act?***

The Community Preservation Act (CPA) was adopted by Salem voters in November, 2012. It established a pool of funds for the purpose of undertaking projects involved with open space, historic preservation, outdoor recreation or community housing. It is financed by surcharge revenues, along with matching funds from the Commonwealth of Massachusetts.

This Taxpayer Information Guide will help property owners understand how the surcharge is calculated and the requirements for applying for an exemption.

**CITY OF SALEM
ASSESSORS OFFICE**

**Community
Preservation Act**

Taxpayer Information Guide



**Fiscal Year 2017
July 1, 2016 - June 30,
2017**

What are surcharge revenues?

The surcharge is paid by residential and commercial property owners. The first \$100,000 of taxable value is exempt. On the remaining value, the City levies a surcharge of 1% (of the assessed property tax), which is included in real estate tax bills.

How is the surcharge calculated?

The 1% surcharge is calculated as follows (using an assessed valuation of \$300,000 as an example and based on the City of Salem’s FY16 tax rate):

A. Assessment	\$300,000.00
B. FY 2016 Tax Rate	\$15.67
C. FY 2016 TAX	\$4,701.00
D. CPA Residential Exemption	\$100,000.00
E. CPA Taxable Value	\$200,000.00
F. CPA Tax Basis	\$3,134.00
G. CPA Surcharge =1%	\$31.34
H. TOTAL ANNUAL BILL	\$4,732.34

The annual tax rate is \$15.67 per \$1000 of the property assessment (A ÷ \$1000 x \$15.67 = C). The CPA exempts \$100,000 (A - D = E). The tax rate is applied to the CPA Taxable Value (E ÷ \$1000 x \$15.67 = F). The surcharge is 1% of the CPA Tax Basis (F x 1% = G). C + G = H (the total annual bill).

The surcharge is divided equally over the quarterly tax bills.

Are there exemptions to the surcharge?

- Any residential property entitled to abatement or statutory exemption is automatically entitled to a proportional CPA exemption.
- Certain households may be eligible for a full CPA exemption.

What are the requirements for full CPA exemption?

To qualify for an exemption for fiscal year 2017, residential property owners must meet:

- Age and residence requirements as of **January 1, 2016**.
- Income requirements based on **2015 income**.

There are two categories of income limits¹:

Over 60 years of age with annual income not exceeding the limit for your size household:	
Household Size	Annual Income Limit
1	\$68,670
2	\$78,480
3	\$88,290
4	\$98,100
5	\$105,948
6	\$113,796
7	\$121,644
8	\$129,492

¹ Calculation of Income Limits based on HUD AWM (Housing Urban Development - Area Wide Median Income) of \$98,100 – Source: <http://www.communitypreservation.org/content/exemptions>

Under 60 years of age with annual income not exceeding the limit for your size household:

Household Size	Annual Income Limit
1	\$54,936
2	\$62,784
3	\$70,632
4	\$78,480
5	\$84,758
6	\$91,037
7	\$97,315
8	\$103,594

How do I apply for a full exemption?

An application for exemption from the CPA surcharge (based on income) must be filed annually with the Assessors Office.

Note: The filing of the application does not stay the collection of the tax.

If you believe you are eligible for a full exemption, contact:

Assessors Office
 93 Washington Street
 Salem, MA 01970
 876-619-5608

The Assessors Office is open:
 Monday-Wednesday: 8am - 4pm
 Thursday: 8am – 7pm
 Friday: 8am – 12pm

For information about the City of Salem’s Community Preservation Act or the established Community Preservation Committee, visit www.salem.com/Pages/SalemMA_CPC/index