

Memo

To: COMM Fire District

From: Molly Stevens, Treasurer

Date: January 30, 2023

Re: District Tax Bills

As a District resident you may be aware of some negative press regarding the recent tax bills from the Town of Barnstable, including the District tax for COMM Fire. As the new District Treasurer, I want to take a moment to explain the actual reason for the larger than usual increase in the District tax in a way that hopefully clears the confusion.

In simple terms, an annual budget is comprised of a few key components. The amount of money needed to operate the District is called “the budget”. In order to fund a budget, a Municipality must estimate receipts *other* than taxes, any borrowing needed, and the rest of the money needed is referred to as the tax levy or amount to be raised on the tax bills. Once the amount we need to raise in taxes is known, the Town Assessor provides the values of the properties in the District and then a tax rate is set by the State so that when multiplied by the values the Municipality gets the money needed for the budget. This is the method used in every Municipality and District in Massachusetts.

In the budget setting period for Fiscal Year 2022, an error was made on a state form with guidance from the State Department of Revenue. This error made it appear as if the District had more revenue from other sources besides taxes and resulted in the District’s tax levy being artificially reduced from what was needed to fund the budget. When the error was discovered, the state was unable to reverse it without the District asking for Special Legislation and the District decided that they would figure out a way to make it through the Fiscal Year on the reduced tax income. Budget cuts were difficult for all of the District departments, but the taxpayers did benefit that year because their bills were lower than usual at a time of great financial uncertainty due to the pandemic. The District appreciates the cooperation from all of the District departments in weathering that “storm” and making do with \$2.8 million less than planned.

When it was time to do the budget for Fiscal Year 2023, the budget returned to the appropriate level to operate the District. The tax levy, which funds a very large portion of the budget saw a larger than normal increase because when the state forms were done correctly, the tax levy also returned to an appropriate level. The tax levy did jump from \$9 million to \$14.5 million which is exaggerated because of the unnaturally low figure from the previous Fiscal Year. While the District did not intend to cause distress to the taxpayers, it was necessary to get back to the level of “budget” that is needed to properly fund the consistent level of service that the District residents are used to receiving. We believe that our budget will remain more constant in the future and that we will not have a dramatic increase like this again.