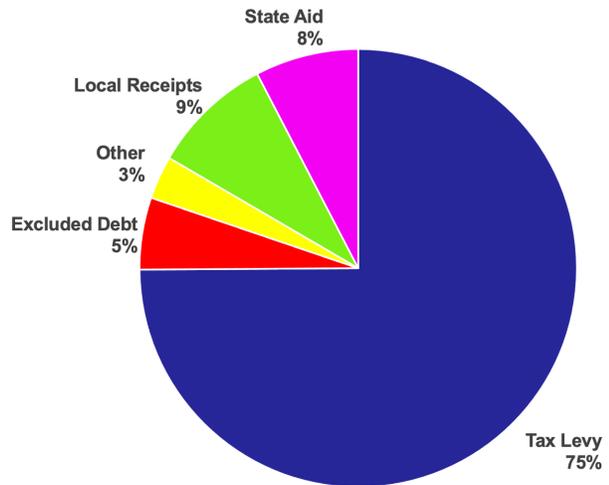


# Inside Town Finances

## Volume 1: Revenue

### Sources of revenue

75% of the Town's Fiscal Year 2025 General Fund revenue comes from the **tax levy** through the collection of residential and commercial property taxes. 90% of property tax revenue comes from residential property taxes, with 10% coming from commercial, industrial, and personal property taxes. Hingham has one tax rate (this is discussed in more detail in Volume 14 of this series).



**State aid** accounts for 8% of revenues. Also called local aid, it is money that comes from the Commonwealth of MA based on state revenue collections. Local aid amounts are set as part of the state budget process.

**Local receipts** account for 9% of revenues. Local receipts include Motor Vehicle Excise Tax, License and Permit Revenue, Meals Tax Revenue, and Ambulance Revenue.

**Excluded debt** (5% of total) includes voter authorized temporary tax increases, typically for large capital projects. The amount of excluded debt revenue is equal to the debt service payment in a given year. 78% of fiscal year 2025 outstanding excluded debt is for school projects (East School, Middle School, High School Fields, Foster School), with 22% for the new public safety facility.

**Other revenue** (3% of total) includes payments in lieu of taxes, fund balance, stabilization funds, and the municipal waterways fund.

### Tax Levy Calculation

Here is an example of how the tax levy is calculated using fiscal year 2024 and 2025 data for the Town.

In the example, the total Fiscal Year 2024 Tax Levy was \$103,368,500, which included a voter authorized override in the amount of \$7,890,467. This is the starting point for calculating the Fiscal Year 2025 tax levy.

	<u>FY24</u>	<u>FY25</u>
Prior Year Tax Levy	\$ 92,360,198	<b>\$103,368,500</b>
2 ½ increase	\$ 2,309,005	\$ 2,584,212
New Growth	\$ 808,830	\$ 740,000
Override	\$ 7,890,467	\$ 0
	-----	-----
Total	<b>\$103,368,500</b>	\$106,692,712

Under Proposition 2 ½, the levy limit can be increased in 3 ways:

1. Each year, municipalities can increase the prior year tax levy by up to 2.5% as of right. For FY25, that amount is \$2,584,212.
2. Each year, the levy can be increased by the value of new construction and newly taxable parcels of land. This is referred to as New Growth. Hingham forecasts new growth based on residential and commercial building permit activity. For FY25, new growth is estimated to be \$740,000.
3. Voters can authorize an override, which is a permanent increase in the levy. As the example illustrates, an approved override becomes part of the base for calculation future years' levy limits. An override requires a majority vote of Town Meeting and a majority ballot vote. The legal authority to place a question on the ballot rests with the Select Board.