



CITY OF WORCESTER

June 30, 2023

Dear Property Owner:

On November 8, 2022, the voters of the City of Worcester approved the adoption of *Question 5 – Worcester Community Preservation Act*. This vote accepted Chapter 44B of the Massachusetts General Laws, Sections 3 to 7, known as the Community Preservation Act (CPA), which establishes a fund dedicated to the acquisition, creation, preservation, and support of community housing, parks and recreational uses, and historic buildings and resources. By the terms of this public vote, the CPA fund will be supported by a 1.5% surcharge on the annual property tax assessed on real estate in Worcester beginning in fiscal year 2024, and by annual distributions from a state trust fund created by the CPA. The specific allocation and use of these dollars for their stated purposes will be overseen by a new municipal board – the Community Preservation Committee – which will hold public meetings starting this year.

The first year of implementation of the surcharge is Fiscal Year 2024, which runs from July 1, 2023 through June 30, 2024. This full FY24 obligation will be divided between two bills: the 3rd Quarter (issued December 29, 2023) and 4th Quarter (issued March 29, 2024) bills. **Therefore, you will see the first CPA surcharge bill included in your property tax bill envelope received by mail in January 2024.** In future fiscal years, this surcharge will be incorporated into each quarterly tax bill. For now, however, it is important that both bills (the real estate property tax bill and the Community Preservation Act surcharge) are paid in full as failure to pay the CPA results in the same interest, fees, and other penalties as failure to pay property taxes.

Under the terms of the vote, the following will be exempt from the surcharge: (1) property owned and occupied as a domicile by any person who qualifies for low-income housing or low- or moderate-income senior housing; (2) \$100,000 of the value of each taxable parcel of residential property; and (3) \$100,000 of the value of each taxable parcel of class three – commercial property – and class four – industrial property.

The following formula will assist in understanding the potential impact of the CPA surcharge on your property:

$$(\text{Property Assessment} - \$100,000) / 1000 * \text{Tax Rate} * 1.5\%$$

You can estimate the surcharge using the current tax rate, but please note that the FY24 tax rates will be set by City Council in the fall of 2023.