Community Preservation Coalition
Preserving our past. Building our future.

Search

Home About News CPA Databank Technical Assistance Adopting CPA
187 CPA Communities

Home ›› About

Where Does CPA Funding Come From?

Cities and towns that adopt the Community Preservation Act (CPA) generate monies for their local Community Preservation funds through the implementation of a local CPA property tax surcharge of up to 3% and through the receipt of annual matching of funds, at variable rates, from a statewide CPA Trust Fund created by the Act. Only communities that have adopted CPA are eligible to receive these matching funds each year.

Locally Raised Revenue

Community preservation monies are raised locally through the imposition of a surcharge of not more than 3% of the tax levy against real property. Contrary to a common misconception, the CPA surcharge does not raise the tax rate for the adopting community; it assesses a surcharge on property tax bills after they have been calculated based on the community's current tax rate.

Example: A home is assessed at $380,000. After subtracting the first $100,000 in residential property value (assuming the community has adopted this optional and very popular CPA exemption), the homeowner's net value to be surcharged equals $280,000. After applying this sample municipality's tax rate of $11.47 per $1,000, the amount subject to the CPA surcharge would be about $3,200. With a 1.5% CPA surcharge applied, the CPA surcharge for this homeowner would be approximately $45 per year. This $45 would be transferred to the community's Community Preservation fund by the City or Town Accountant or Tax Collector.

Community Preservation Trust Fund

The CPA statute, signed into law in 2000 by then-Governor Paul Cellucci, created a statewide Community Preservation Trust Fund, administered by the Department of Revenue (DOR). This Trust Fund provides matching distributions each year, at variable rates, (depending upon the amount of revenues collected that year, and the number of communities participating in the program) to communities that have adopted CPA. All CPA communities are guaranteed a disbursement from the Community Preservation Trust Fund as an incentive for participating in the CPA program.

Additional Funds through Bonding and Leveraging

Under CPA, **communities can also issue bonds** against their future CPA revenue stream in order to fund large projects for which adequate CPA funds are not currently available. The authorization to bond CPA funds is in Section 11 of the Community Preservation Act (MGL c.44B), which states that CPA communities may issue general obligation bonds in anticipation of revenues to be raised through the local CPA surcharge. The downside to bonding, as with most loans, is that it is ultimately more costly due to the interest that is charged. Nonetheless, bonding can be a powerful tool to successfully achieve compelling community preservation projects that come with larger price tags.

Another method of obtaining additional funds to finance CPA projects involves engaging in the practice of leveraging. Taking advantage of the well-known adage that ‘money follows money,’ many communities make a practice of using their CPA funds, on a project by project basis, to leverage additional funds from state and federal grant programs, other local funds, non-profit organizations, and or private entities.

What is the CPA Trust Fund?

Monthly Statewide CPA Trust Fund Collections

Understanding the Distribution Formula

Where Does CPA Funding Come From?

Community Preservation Coalition

6 Beacon Street, Suite 615

Boston, MA 02108

Phone: (617) 367-8998

Website Disclaimer
Virtual Towns & Schools Website

Login

Select Language

Powered by Google Translate