

## Supplemental Tax Assessment

On November 16, 1999, the town of Spencer accepted CH 203 of the Acts of 1998, adding section 2D of Chapter 59 of Mass General Laws. This section (2D) allows communities to collect a pro rata tax on properties that have increased in value by more than 50% due to new construction or improvements. This tax has been termed a “supplemental tax” by the Department of Revenue. The amount of the tax is based on the difference in value as unfinished and value as complete and prorated on a daily basis from the day the occupancy permit was signed to the end of the fiscal year (June 30). Spencer began implementing this process for fiscal year 2005, beginning July 1, 2004.

It should be noted that, in the great majority of instances, the amount of this tax would not be computed or committed for collection prior to any closings that would occur for the transfer of property. The amount will not be available for disclosure on municipal liens and, in some instances, will not be billed for up to six months or more after closing.

Also, this billing information will not be forwarded to the banks and mortgage companies, as is done with the quarterly real estate tax files. If you have an escrow account to pay your real estate taxes, you must send them a copy of this bill for timely payment. Collection procedures are handled in the same manner as real estate taxes.