

Classification and the Tax Rate



November 30, 2020

Introduction

- **Board of Assessors**
- Wil Cournoyer 1988
- Fran Bousquet 1992
- Diane Kokoszka 2016

Purpose of Classification and Options

- M.G.L. Chapter 40 Section 56 – Allows a shift in the tax burden between classes of property.
- This does not change the total tax levy for the town; it simply determines the % share to be borne by each class of property.

What Classification Does Not Do!

- Classification does not determine the tax rate for the town
- Classification does not determine how much money can be raised
- Classification does not determine how much money will be raised

Topics of Discussion

- New Growth
- Recertification/Revaluation
- Property Values and the Taxable Town Value
- Tax Levy and the Tax Rate
- Levy Limit
- Excess Levy Capacity
- Residential Exemption
- Classification Factor
- Examples of a Tax Shift
- Tax Wise – How Do We Compare

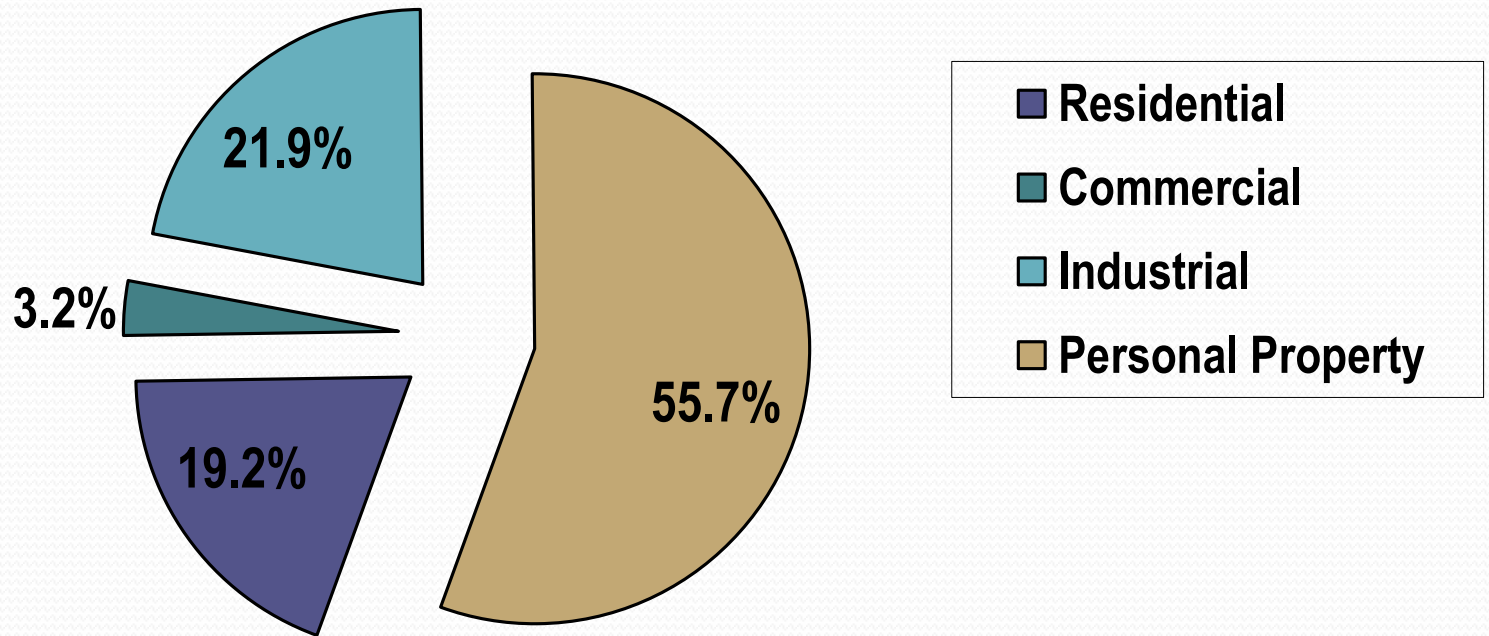
New Growth

- What is it?
- How does it affect property taxes?
- How does it affect the levy limit?

2021 New Growth

	Taxable Value	Taxes Generated	% of Total
Residential	\$4,379,241	\$85,308	19.2%
Commercial	\$738,600	\$14,388	3.2%
Industrial	\$5,005,252	\$97,502	21.9%
<u>Personal Property</u>	<u>\$12,722,720</u>	<u>\$247,839</u>	<u>55.7%</u>
Total	\$22,845,813	\$445,037	100.0%

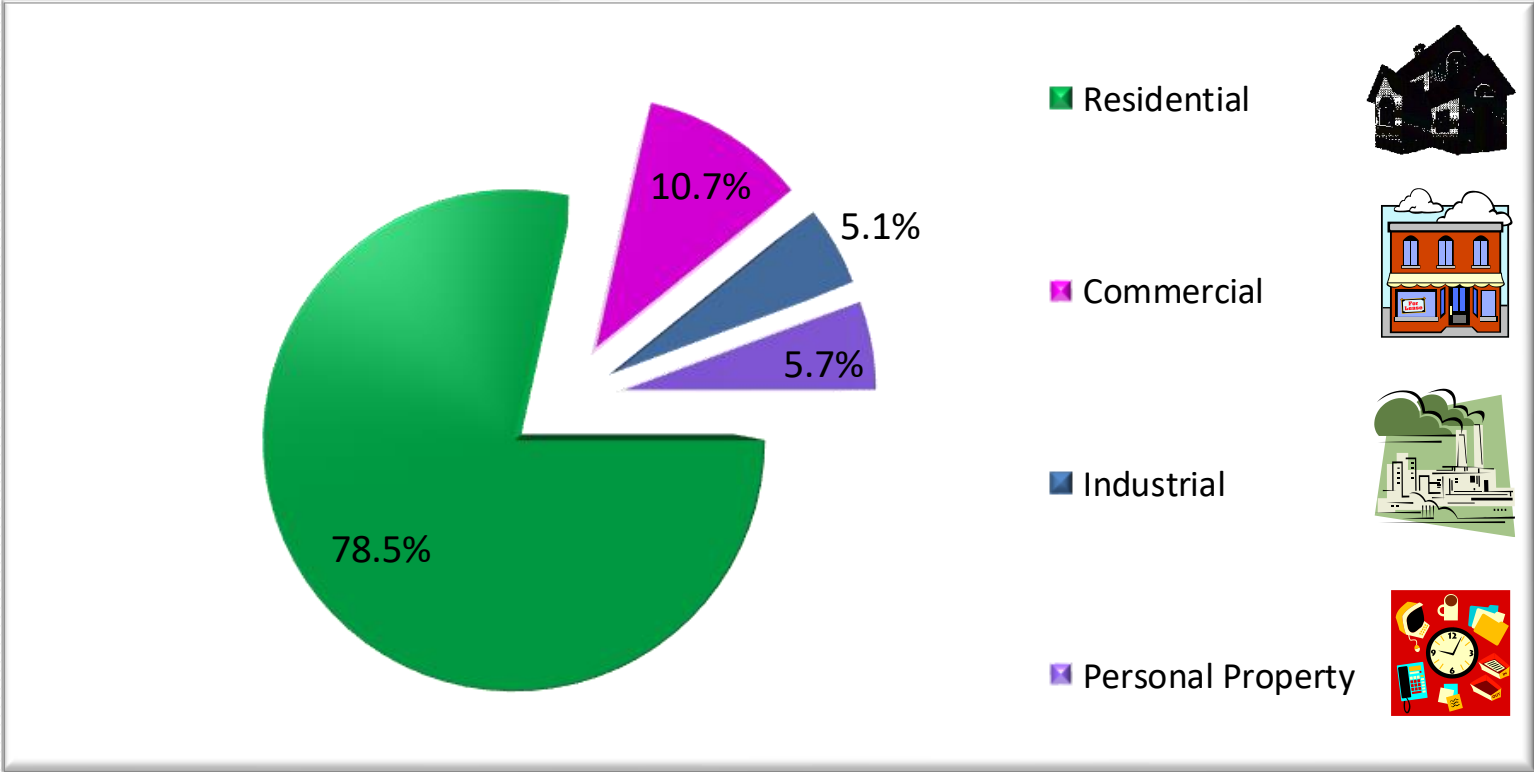
2021 New Growth



2021 Taxable Town Value

	Taxable Value	% of Total
Residential	\$936,622,960	78.5%
Commercial	\$127,815,147	10.7%
Industrial	\$60,509,200	5.1%
<u>Personal Property</u>	<u>\$68,309,140</u>	<u>5.7%</u>
Total	\$1,193,256,447	100.0%

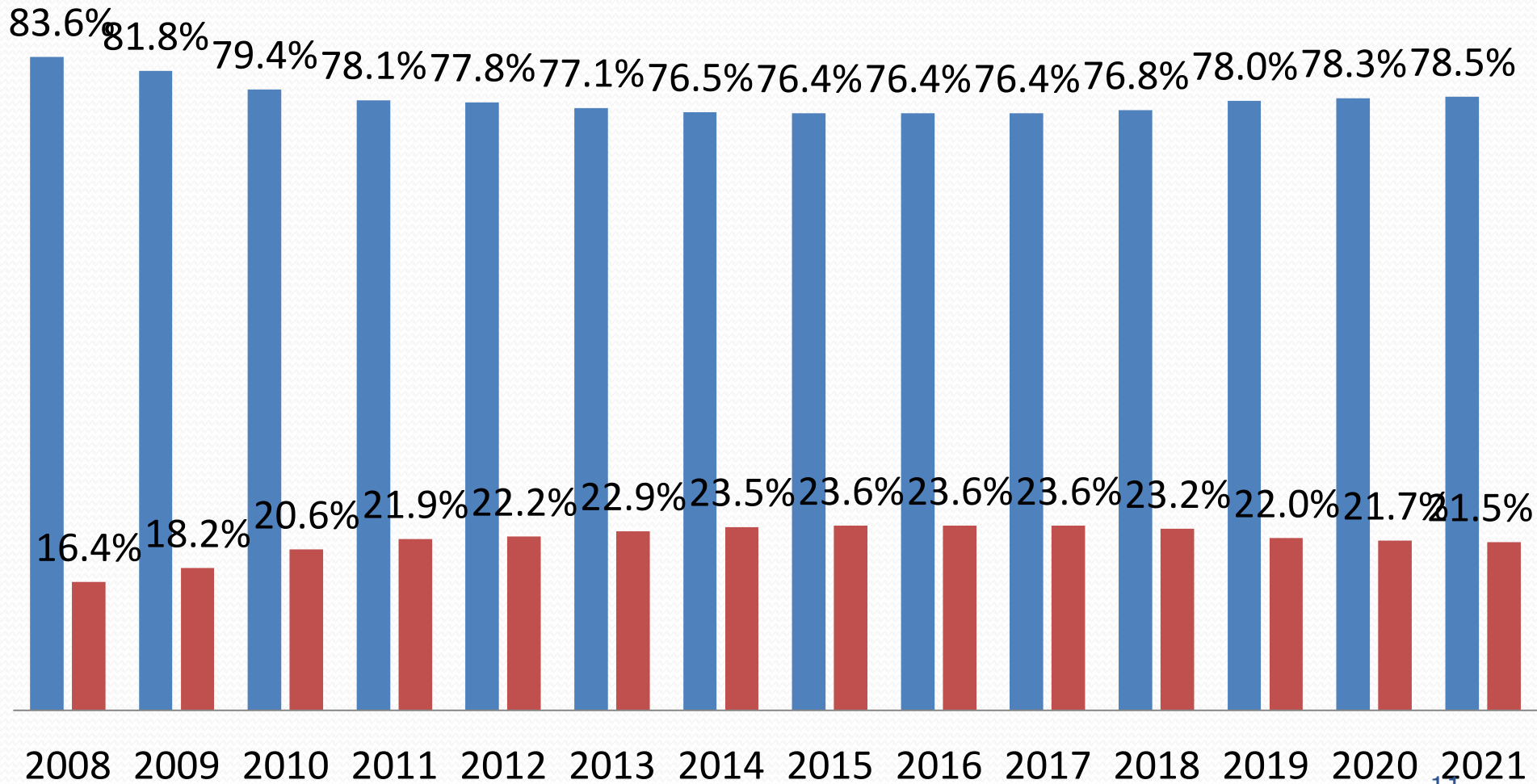
2021 Taxable Town Value



2021 Tax Breakdown

FY2008 TO 2020 PROPERTY CLASS BREAKDOWN

■ Residential ■ CIP



Revaluation/Recertification

- Recertification Every 5 Years -FY 2020
- Revaluation – Update Values Every Year
- Full and Fair Cash Value as of January 1, 2020
- Comparable Arms Length Sales - Prior Year(s)
- Taxes Based on Proportional Share Of Town Value
- Individual Proportions Change from Year to Year

Revaluation/Recertification

- Cyclical Inspection Program
- Sales Review
- Building Permits
- Recertification / Revaluation Field Review
- Annual Income and Expense Questioner's (I&E's)
- Forms of Lists
- Inspections per Taxpayer Request
- Abatement Applications

Valuation Changes

Single Family	+7.2%	
Condominium	+7.3%	
Two and Three Family	+7.2%	
Apartment over 4 Units	+0.8%	
<u>Land</u>	<u>-1.8%</u>	
Total Residential		+6.2%
Total Commercial		+0.1%
Total Industrial		+9.3%

Tax Levy

- Total amount to be raised is determined by:
 - All Voted Appropriations and Expenditures
 - State and County Charges
- It is paid for by using:
 - State Aid and Reimbursements
 - Local Receipts (Excise Tax, Fees etc.)
 - Enterprise Funds
 - Free Cash, Stabilization, Transfers
- Remainder is the Tax Levy
- **2021 Tax Levy is \$23,196,905**

Tax Levy and the Tax Rate

- 2021 Tax Levy \$23,196,905
- 2021 Taxable Value is \$1,193,256,447
- \$23,196,905 Tax Levy / \$1,193,256,447 Town Value Yields a Tax Rate of \$19.44 per \$1,000 of Assessed Valuation

Tax Levy Comparison

2021 Tax Levy	\$23,196,905
<u>2020 Tax Levy</u>	<u>\$21,935,343</u>
Overall Increase	\$1,261,562 or 5.75%
<u>Less New Growth</u>	<u>-\$445,036</u>
Change After New Growth	\$816,526 or 3.72%

Proposition 2 1/2

- Levy Ceiling
- Levy Limit and Maximum Allowable Levy?
- What is excess levy capacity?

Levy Ceiling

- States that in any year property taxes cannot exceed $2\frac{1}{2}\%$ of the Total Taxable Assessed Value or
- Tax Rate cannot exceed \$25.00/1,000 Valuation

Our Levy Ceiling

Total Taxable Assessed Value	\$1,193,256,447
Times 2 ½ %	.025
Levy Ceiling	\$29,831,411

Levy Limit/Maximum Allowable Levy

FY 2020 Levy Limit

Add 2 ½%

Add New Growth

FY 2021 Levy Limit

Add Debt Exclusions

FY 2021 Maximum Allowable Levy

Our Levy Limit

FY 2020 Levy Limit	\$22,413,899
2 ½% Increase	\$560,347
<u>FY 2021 New Growth</u>	<u>\$445,037</u>
2021 Levy Limit	\$23,419,283
Debt Exclusion (Bay Path)	<u>\$216,338</u>
FY 2021 Maximum Allowable Levy	\$23,635,621

Excess Levy Capacity

Fiscal Year	Maximum Allowable Levy	Actual Tax Levy	Excess Levy Capacity
2021	23,635,621	\$23,196,905	\$438,716
2020	22,630,908	\$21,935,343	\$695,565
2019	\$21,823,043	\$21,124,553	\$698,490
2018	\$21,048,531	\$20,237,501	\$811,030
2017	\$20,123,450	\$19,194,079	\$929,371
2016	\$19,373,722	\$18,501,046	\$872,676

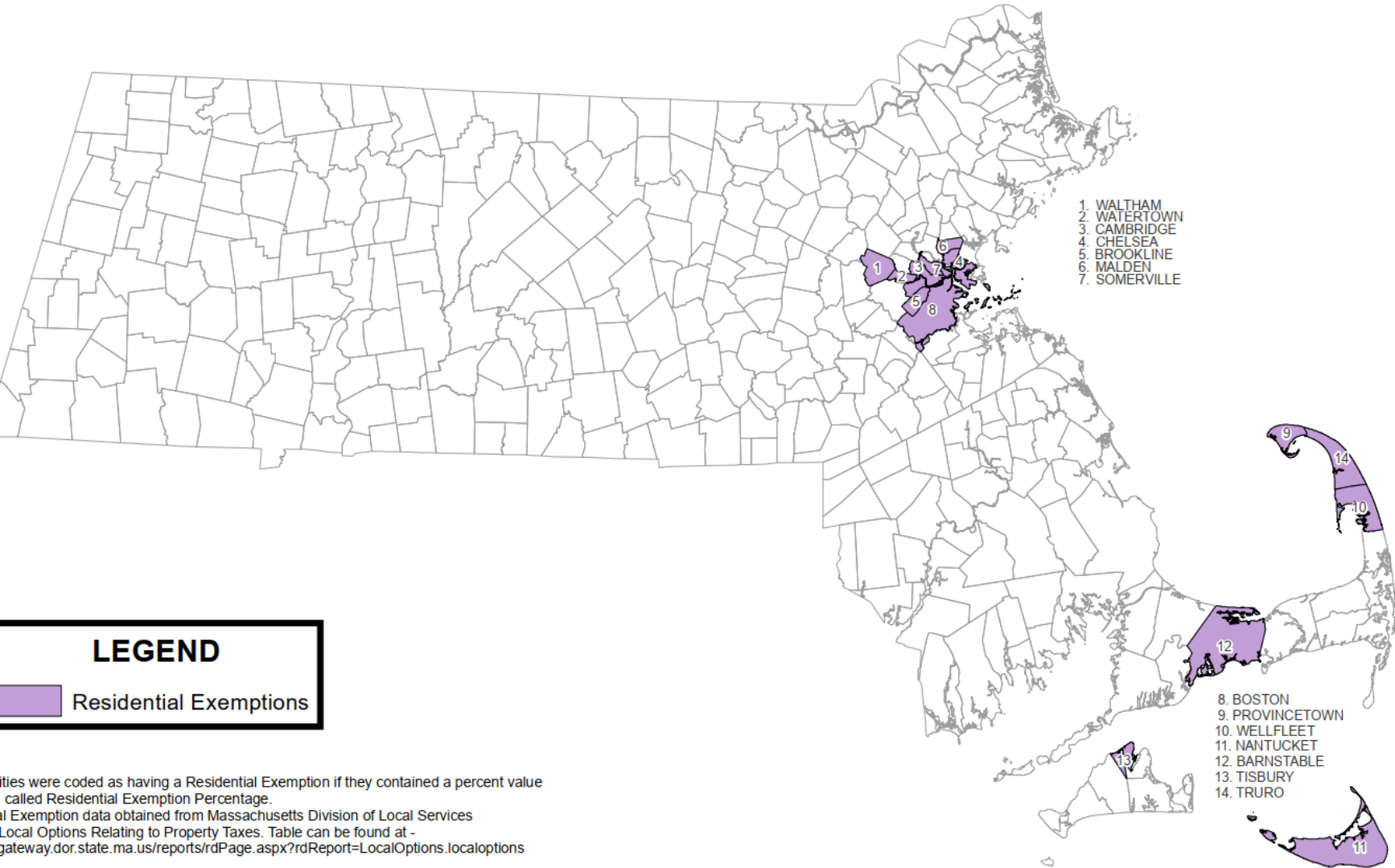
Options

- Residential Exemption
- Classification – Split Tax Rate

Residential Exemption

- § Up to 35% discount of **average residential value** to Owner Occupied Residential Properties.
- § Tax Rate **Increases** for all Residential Properties
- § Shifts the burden from the “lower valued” homes to vacant land, higher priced homes and non-resident homes.
- § All residential land is taxed at higher rate.
- § Works in communities with a large amount of vacation homes, or non-owner occupied properties to shift the burden onto.
- § BOA strongly recommends against adoption of this Exemption.


Massachusetts Communities with Residential Exemptions Current as of 11/04/2020



- 1. WALTHAM
- 2. WATERTOWN
- 3. CAMBRIDGE
- 4. CHELSEA
- 5. BROOKLINE
- 6. MALDEN
- 7. SOMERVILLE

- 8. BOSTON
- 9. PROVINCETOWN
- 10. WELLFLEET
- 11. NANTUCKET
- 12. BARNSTABLE
- 13. TISBURY
- 14. TRURO

LEGEND

 Residential Exemptions

Communities were coded as having a Residential Exemption if they contained a percent value called Residential Exemption Percentage.
 All Exemption data obtained from Massachusetts Division of Local Services
 Local Options Relating to Property Taxes. Table can be found at -
gateway.dor.state.ma.us/reports/rdPage.aspx?rdReport=LocalOptions.localoptions

Data provided by the Central Massachusetts Regional
 Commission (CMRPC), Mass. Division of Local Services
 Office of Geographic Information (MassGIS),
 Commonwealth of Massachusetts, Information Technology Division.

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 interpretation, or parcel-level analysis.
 Interpreting positional accuracy.



Classification Factor

- MGL Ch 40 §56 requires the council to adopt a factor between 1 and the Minimum Residential Factor (MRF)
- Maximum shift of 50 % to CIP classes
- MRF is .8630
- Council may adopt any factor between 1.0 and .8630
- Factor of 1.0 each class would be taxed at the same rate
- Examples of shift on various classes

1 in = 19.5 miles

Massachusetts Communities with Split Tax Rates Fiscal Year 2020 (Residential, Commercial, Industrial Rates Only)



- 1. MONROE
- 2. FLORIDA
- 3. NORTH ADAMS
- 4. ADAMS
- 5. PITTSFIELD

- 54. HAVERHILL
- 55. TEWKSBURY
- 56. MALDEN
- 57. BILLERICA
- 58. LOWELL
- 59. BEDFORD
- 60. CHELMSFORD
- 61. BURLINGTON
- 62. LITTLETON
- 63. LINCOLN
- 64. LEXINGTON

- 65. METHUEN
- 66. LAWRENCE
- 67. ANDOVER
- 68. NORTH ANDOVER
- 69. WILMINGTON
- 70. WINCHESTER

- 71. WOBURN
- 72. STONEHAM
- 73. MELROSE
- 74. WALTHAM
- 75. LYNN

- 76. DANVERS
- 77. BEVERLY
- 78. LYNNFIELD
- 79. PEABODY
- 80. READING
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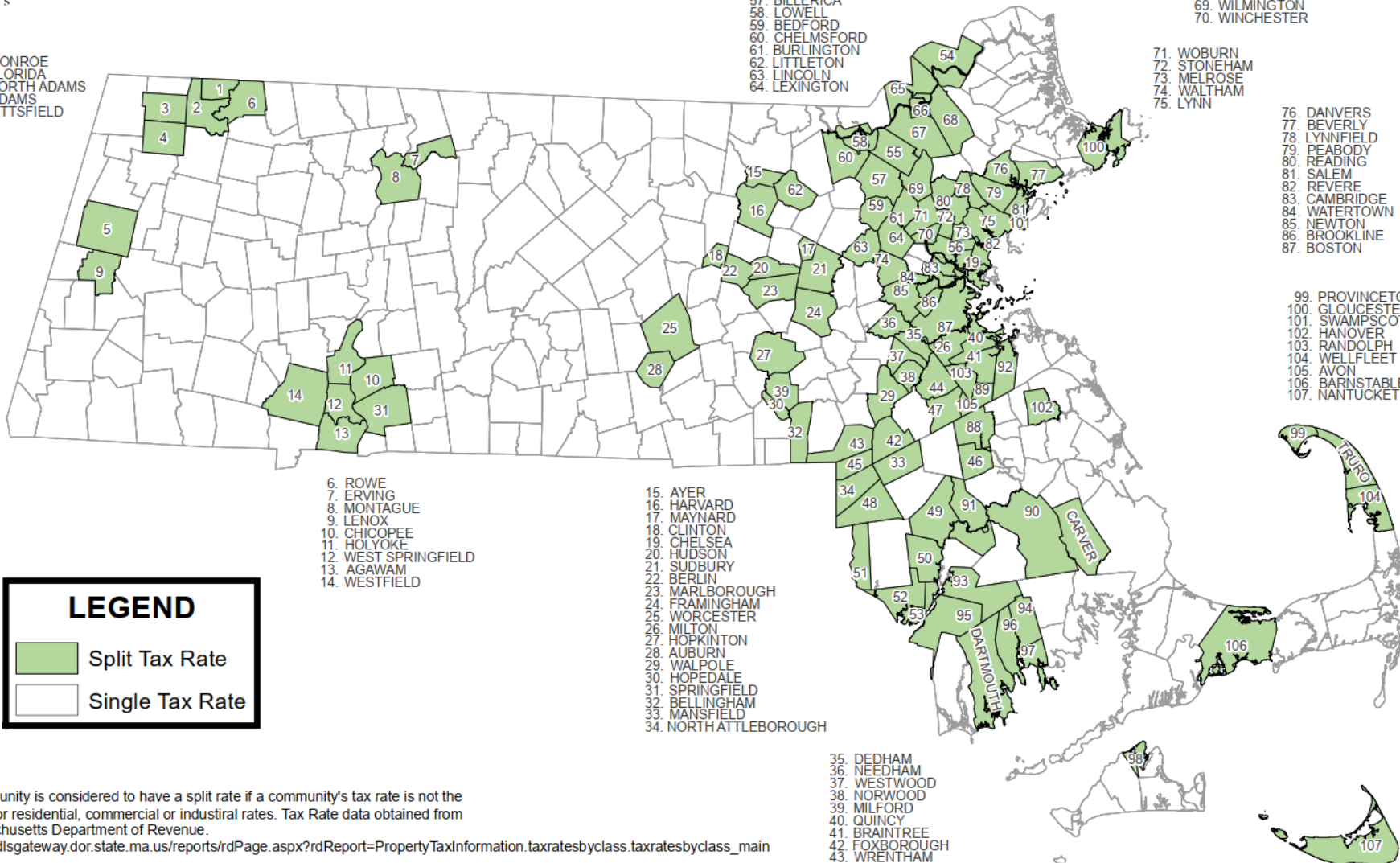
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- 106. BARNSTABLE
- 107. NANTUCKET

- 6. ROWE
- 7. ERVING
- 8. MONTAGUE
- 9. LENOX
- 10. CHICOPEE
- 11. HOLYOKE
- 12. WEST SPRINGFIELD
- 13. AGAWAM
- 14. WESTFIELD

- 15. AYER
- 16. HARVARD
- 17. MAYNARD
- 18. CLINTON
- 19. CHELSEA
- 20. HUDSON
- 21. SUDBURY
- 22. BERLIN
- 23. MARLBOROUGH
- 24. FRAMINGHAM
- 25. WORCESTER
- 26. MILTON
- 27. HOPKINTON
- 28. AUBURN
- 29. WALPOLE
- 30. SPRINGFIELD
- 31. BELLINGHAM
- 32. MANSFIELD
- 34. NORTH ATTLEBOROUGH

- 35. DEDHAM
- 36. NEEDHAM
- 37. WESTWOOD
- 38. NORWOOD
- 39. MILFORD
- 40. QUINCY
- 41. BRAINTREE
- 42. FOXBOROUGH
- 43. WRENTHAM
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- 48. ATTLEBORO
- 49. TAUNTON
- 50. DIGHTON
- 51. SEEKONK
- 52. SWANSEA
- 53. SOMERSET

- 88. BROCKTON
- 89. HOLBROOK
- 90. MIDDLEBOROUGH
- 91. RAYNHAM
- 92. WEYMOUTH
- 93. FREETOWN
- 94. ACUSHNET
- 95. FALL RIVER
- 96. NEW BEDFORD
- 97. FAIRHAVEN
- 98. TISBURY



LEGEND

- Split Tax Rate
- Single Tax Rate

*Community is considered to have a split rate if a community's tax rate is not the same for residential, commercial or industrial rates. Tax Rate data obtained from Massachusetts Department of Revenue.
https://dls.gateway.dor.state.ma.us/reports/rdPage.aspx?rdReport=PropertyTaxInformation.taxratesbyclass.taxratesbyclass_main

Source: Data provided by the Central Massachusetts Regional Planning Commission (CMRPC), Mass. Division of Local Services and the Office of Geographic Information (MassGIS), Commonwealth of Massachusetts, Information Technology Division.

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 1 Mercantile Street, Suite 520
 Worcester, MA 01608

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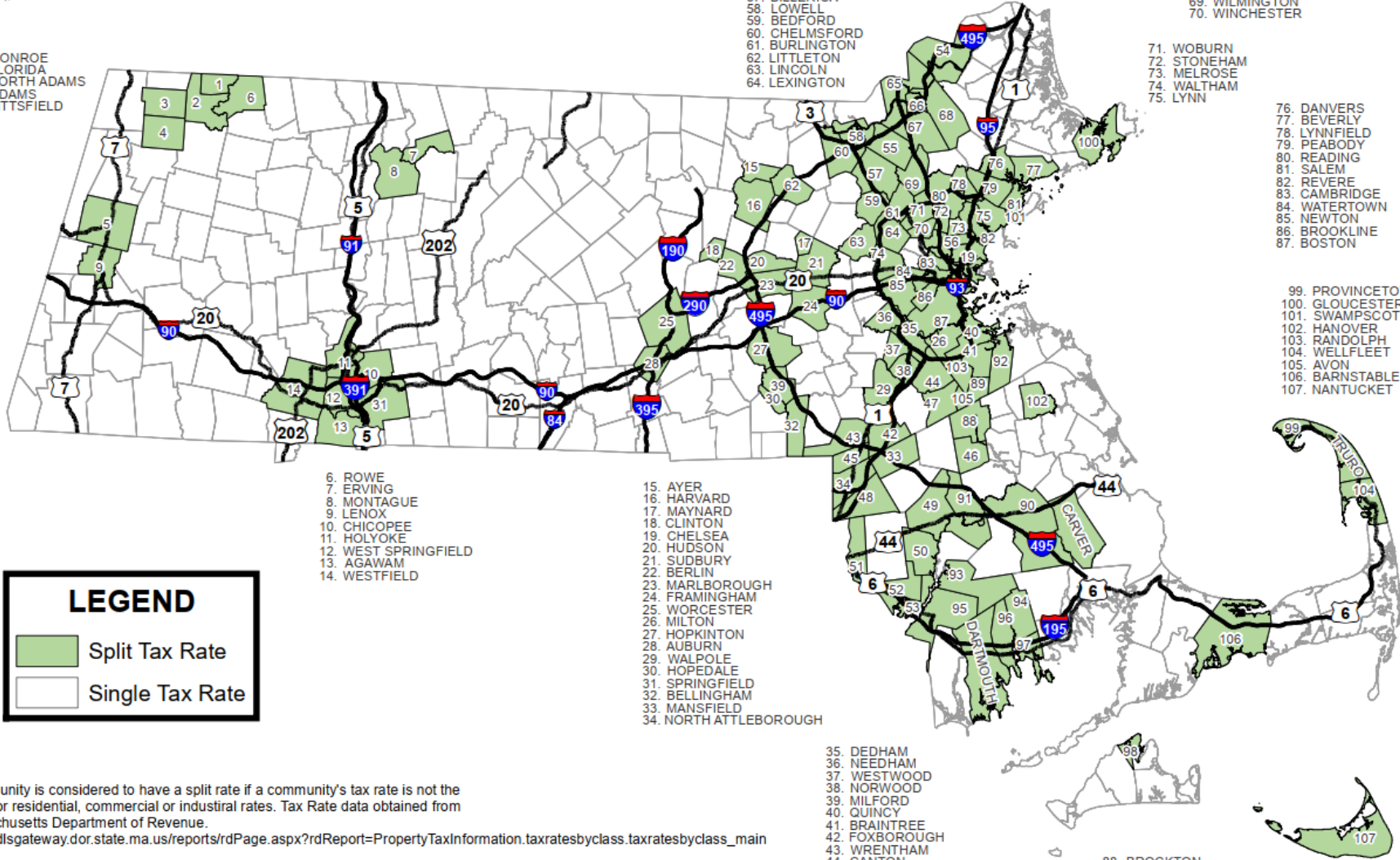
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FY 2021 TAX SHIFT SCENARIOS

	(MRF)					
	TAX RATE	TAX RATE	TAX RATE	TAX RATE	TAX RATE	TAX RATE
	USING	USING	USING	USING	USING	USING
FACTOR	0.8630	0.8904	0.9178	0.9452	0.9726	1.0000
RESIDENTIAL TAX RATE	16.78	17.31	17.84	18.37	18.91	19.44
COMM./IND. TAX RATE	29.16	27.22	25.27	23.33	21.38	19.44
% SHIFT TO CIP	50.00%	40.00%	30.00%	20.00%	10.00%	0.00%

EXAMPLES OF TAX SHIFT

		AVE. SINGLE		AVE. COMM.		AVE. INDUST.
	FACTOR	FAMILY VALUE		VALUE		VALUE
		214,743		565,543		615,533
% SHIFT TO CIP						
50%	0.863000	\$ 3,603.39		\$ 16,491.23		\$ 17,948.93
40%	0.890400	\$ 3,717.20		\$ 15,394.07		\$ 16,754.80
30%	0.917800	\$ 3,831.02		\$ 14,291.26		\$ 15,554.51
20%	0.945200	\$ 3,944.83		\$ 13,194.11		\$ 14,360.38
10%	0.972600	\$ 4,060.79		\$ 12,091.30		\$ 13,160.09
SINGLE TAX RATE	1.000000	\$ 4,174.61		\$ 10,994.15		\$ 11,965.95

It is the recommendation of the Board of Assessors that the council again approve a factor of 1.00, a single tax rate.

FY 2021 TAX SHIFT SCENARIOS

	(MRF)					
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	USING	USING	USING	USING	USING	USING
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EXAMPLES OF TAX SHIFT

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30%	0.917800	\$ 3,831.02		\$ 14,291.26		\$ 15,554.51
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**FY 2021 EXAMPLES OF ACTUAL TAXES
SINGLE TAX RATE
CHANGE FROM PRIOR YEAR
CHART # 4**

	CONDO	1 FAMILY	2 AND 3 FAMILY	VACANT LAND	OVER 4 UNIT APARTMENTS	COMMERCIAL	INDUSTRIAL
AVERAGE VALUE	\$99,233	\$214,743	\$192,521	\$18,072	\$383,479	\$565,543	\$615,533
AVERAGE TAX	\$ 1,933.05	\$ 4,174.61	\$ 3,742.61	\$ 351.32	\$ 7,454.83	\$ 10,994.15	\$ 11,965.95
Last Years Tax	\$1,801.30	\$ 3,925.46	\$ 3,496.22	\$ 350.00	\$ 7,443.89	\$ 10,733.56	\$ 11,318.41
Change \$	\$131.76	\$ 249.14	\$246.39	\$1.31	\$10.94	\$ 260.59	\$ 647.54
Change %	7.31%	6.35%	7.05%	0.38%	0.15%	2.43%	5.72%

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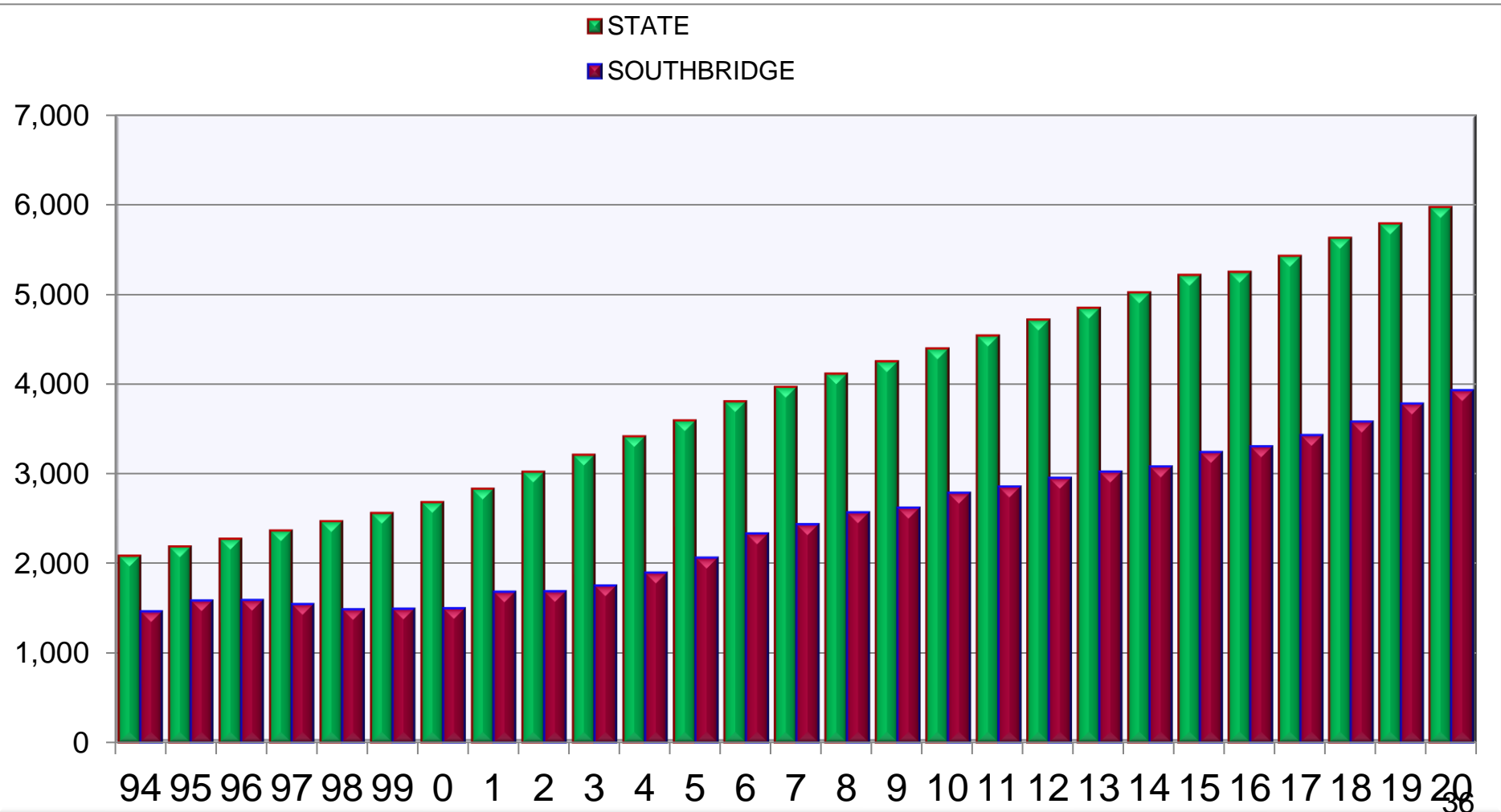
Classification Factor

- Board of Assessors recommends a factor of 1.0, a single tax rate for all classes of property
- Other Factors
- Tax Wise – How do we compare

Classification Factor

- Board of Assessors recommends a factor of 1.0, a single tax rate for all classes of property
- Tax Wise – How Do We Compare

Southbridge Average SF Tax Bill vs. State Average



FY 2020 Average SF Tax Bills

Town	2020 Tax Rate	2020 Average SF Property Value	2020 Average SF Tax Bill	Average SF Tax Bill Ranking Statewide
Southbridge	19.48	201,512	3,925	260
Sturbridge	19.02	312,888	5,951+3%CPA	126
Charlton	14.94	283,394	4,234	238
Auburn (Split Rate)	17.98 Res 22.37 CIP	278,135	5,001	182
Dudley	13.06	262,917	3,434	301
Webster	15.06	284,462	4,239	236
Ware	20.63	191,233	3,945	259

Tax Exemptions and Help

- Clause 17 D Elderly person or Surviving Spouse (\$175)
- Clause 41C Elderly Person (\$500)
- Various Veterans Exemptions (\$400-Full Exemption)
- Clause 37 Blind Exemption (437.50)
- Clause 18 Hardship (Various)
- Clause 41A Tax Deferral
- Senior Tax Abatement Program
- Information call 508-764-5404

Classification and the Tax Rate



November 30, 2020