

# Tax Classification Hearing- FY2023

*Annual adoption of the Residential Factor and  
other options per MGL Chapter 40 s.56*

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*presented by*

**William G. Naser, MAA – Chief Assessor**

## *Board of Assessors*

*Titus Palmer, Chair*

*Diane Holmes, Member*

*David Flanagan, Member*

November 15, 2022

# FY2023 – Interim Tax Year

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Value Assessment date is *January 1, 2022 for FY2023*

All values are analyzed by reviewing the following:

- **RESIDENTIAL VALUES** - Real estate sales from *Calendar Year 2021*, and if necessary, a portion of *Calendar Year 2022*.
- **COMMERCIAL & INDUSTRIAL VALUES** – Written returns of information (Income and Expense requests) for real property, from *Calendar Year 2021* property income and expenses.
- **PERSONAL PROPERTY VALUES** – Cost tables and use of written returns of information (Forms of List) on business assets from *Calendar Year 2021*.

# Town Wide Value Change - FY 2022 vs. FY 2023

PROPERTY CLASS	FY2022		FY2023		OVERALL CHANGE	
	ASSESSED VALUATION	PERCENT OF TOTAL VALUATION	ASSESSED VALUATION	PERCENT OF TOTAL VALUATION	ASSESSED VALUATION	PERCENT CHANGE
RESIDENTIAL	4,844,861,061	88.6%	5,471,192,181	88.9%	626,331,120	12.9%
OPEN SPACE	-	-	-	-	-	-
<b>TOTAL RES. &amp; OS</b>	<b>4,844,861,061</b>	<b>88.6%</b>	<b>5,471,192,181</b>	<b>88.9%</b>	<b>626,331,120</b>	<b>12.9%</b>
COMMERCIAL	304,329,449	5.6%	351,307,308	5.7%	46,977,859	15.4%
INDUSTRIAL	203,862,405	3.7%	215,641,340	3.5%	11,778,935	5.8%
PERSONAL	113,194,579	2.1%	116,174,825	1.9%	2,980,246	2.6%
<b>TOTAL CIP</b>	<b>621,386,433</b>	<b>11.4%</b>	<b>683,123,473</b>	<b>11.1%</b>	<b>61,737,040</b>	<b>9.9%</b>
<b>TOTALS</b>	<b>5,466,247,494</b>	<b>100.0%</b>	<b>6,154,315,654</b>	<b>100.0%</b>	<b>688,068,160</b>	<b>12.6%</b>
RE EXEMPT VALUE	426,977,200	-	461,875,500	-	-	8.2%

# FY2023 Value Summary by Class

## Overall percentage adjustments

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- RESIDENTIAL Class: Value Increased by 12.9%  
Class 1 Residential (8,623 total parcels; 6,450 single family homes; 1,468 residential condominiums)
- COMMERCIAL Class: Value Increase by 15.4%  
Class 3 Commercial (266 parcels)
- INDUSTRIAL Class: Value Increased by 5.8%  
Class 4 Industrial (111 parcels)
- PERSONAL Class: Value Increase by 2.6%  
Class 5 Personal (Business assets, 217 accounts)

# Value Trends/Comments

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## Residential

- **Single family: parcel increase (+85) & significant value increase [change in 2 family/ADU classification]**
- **Condominiums: parcel decrease (-1) & value increase [Balsam Cir, re-class; changed count]**

## Commercial & Industrial

- **Value increase in the commercial (-1) and industrial (0) classes based on market sales.**

## Personal Property 2 Areas (State valued, locally valued):

- **Our smallest value segment. First area is state valued business assets in Westford, 7 accounts, 19.5% of total PP value. Accounts such as Verizon, AT&T, and Tennessee Pipeline. Second area is other taxable business assets from local shops, restaurants, retail, gas stations, etc. 215 accounts, 80.5% of total value.**

## Taxable Value Summary Current Year and Previous 9 Years

<b>YEAR TYPE</b>	<b>FISCAL YEAR</b>	<b>TOTAL TAXABLE VALUE</b>	<b>PERCENT CHANGE FROM PREVIOUS YEAR</b>
<i>Interim</i>	<b>2023</b>	<b>6,154,315,654</b>	<b>12.59%</b>
<i>Interim</i>	<b>2022</b>	<b>5,466,247,494</b>	<b>6.78%</b>
<u><i>Certification</i></u>	<b>2021</b>	<b>5,119,071,724</b>	<b>2.15%</b>
<i>Interim</i>	<b>2020</b>	<b>5,011,150,276</b>	<b>6.01%</b>
<i>Interim</i>	<b>2019</b>	<b>4,727,013,661</b>	<b>1.96%</b>
<i>Interim</i>	<b>2018</b>	<b>4,635,965,811</b>	<b>4.99%</b>
<u><i>Certification</i></u>	<b>2017</b>	<b>4,415,532,955</b>	<b>2.35%</b>
<i>Interim</i>	<b>2016</b>	<b>4,314,171,996</b>	<b>3.27%</b>
<i>Interim</i>	<b>2015</b>	<b>4,177,511,486</b>	<b>6.97%</b>
<i>Interim</i>	<b>2014</b>	<b>3,905,437,388</b>	<b>-</b>

# What's the Tax Levy?

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The tax levy is the dollar amount a community raises through real and personal property taxes each fiscal year. The tax levy is the largest revenue source for most communities, that funds the annual town budget.

- *Estimated Tax Levy for FY2023 is \$90,837,699.*

# Tax Levy New Growth

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The tax levy new growth is new construction value increase, or items not previously assessed, which is added to increase value in either real or personal property areas. Then converted to a tax amount as part of the Proposition 2.5% calculation.

- *New Growth Valuation* is 55,351,355 which translates to *tax levy growth* of **\$892,263** for FY2023.



## TAX LEVY NEW GROWTH – current year and previous 4 years

<b>NEW GROWTH CURRENT YEAR AND PREVIOUS YEARS</b>					
<b>FISCAL YEAR</b>		<b>NEW GROWTH VALUATION</b>	<b>PRIOR YEAR TAX RATE</b>	<b>TAX LEVY GROWTH</b>	
<b>2023</b>	<b>RES</b>	<b>40,773,200</b>	<b>0.01612</b>	<b>\$892,264</b>	
	<b>CIP</b>	<b>14,578,155</b>			
	<b>TOTAL</b>	<b>55,351,355</b>			
2022	Total	52,336,781	0.01664	-	\$ 870,884
2021	Total	81,734,581	0.01633	-	\$ 1,334,726
2020	Total	64,603,684	0.01656	-	\$ 1,069,837
2019	Total	45,746,700	0.01618	-	\$ 740,182

# Converting Value to Tax

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## ◆ Tax Rate Setting Process ◆

- Work throughout the fiscal year to adjust and refine personal & real property values.
- Submit and receive approvals from DOR, Division of Local Services (value and new growth).
- Along with Finance Director, Accountant, and Treasurer/Tax Collector, complete state recap documents.
- Hold hearing, local officials choose tax burdens for taxpayers.
- Submit Select Board choices to state for tax rate approval.

# Development of Tax Rate

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## STEP 1:

### Establish Property Values

• Residential/Open Space	5,471,192,181 (88.9%)
• Comm/Ind/Per Property	<u>683,123,473(11.1%)</u>
<b>TOTAL TAXABLE VALUE</b>	<b>6,154,315,654</b>

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(Exempt real property value is 461,875,500)

# Development of Tax Rate

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## **STEP 2:**

### **Determine Single Tax Rate for All Property Classes**

▪ Residential/Open Space	5,471,192,181
▪ Comm/Ind/PersProp	683,123,473
▪ TOTAL TAXABLE VALUE	6,154,315,654

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**Tax Levy divided by Total Taxable Value**

$$\text{\$90,837,699} / \text{6,154,315,654} = \text{0.01476}$$

**OR**

**\\$14.76/1000 value**

**Average Single Family Value 685,640. RE Tax Bill would be \\$10,120.**

## SINGLE FAMILY: Value, Tax bill, and Percentage increases from previous year

10 YEAR HISTORY				value	percent	tax dollars	tax dollars	percent
FISCAL YEAR	TOTAL VALUE: SINGLE FAMILY PARCELS	NUMBER OF SINGLE FAMILY PARCELS	RES. TAX RATE	AVERAGE SINGLE FAMILY VALUE	AVG SF VALUE ADJUSTMENT FROM PREVIOUS YEAR	AVERAGE SF TAX BILL	DOLLAR AMOUNT CHANGE FROM PREVIOUS YEAR	TAX BILL AMOUNT PERCENT INCREASE FROM PREVIOUS YEAR
<b>*2023</b>	<b>4,422,396,200</b>	<b>6,450</b>	<b>\$ 14.76</b>	<b>685,640</b>	<b>14.20%</b>	<b>\$ 10,120</b>	<b>\$ 442</b>	<b>4.56%</b>
2022	3,821,520,500	6,365	\$ 16.12	600,400	6.13%	\$ 9,678	\$ 265	2.81%
2021	3,597,488,300	6,359	\$ 16.64	565,730	0.01%	\$ 9,414	\$ 176	1.91%
2020	3,640,804,400	6,436	\$ 16.33	565,690	6.20%	\$ 9,238	\$ 417	4.73%
2019	3,420,081,700	6,421	\$ 16.56	532,640	2.35%	\$ 8,821	\$ 401	4.76%
2018	3,334,158,900	6,407	\$ 16.18	520,390	6.03%	\$ 8,420	\$ 366	4.54%
2017	3,140,095,600	6,398	\$ 16.41	490,790	2.60%	\$ 8,054	\$ 511	3.29%
2016	3,053,409,400	6,383	\$ 16.30	478,370	3.00%	\$ 7,797	\$ 485	3.38%
2015	2,960,355,400	6,274	\$ 16.24	464,440	5.43%	\$ 7,543	\$ 230	3.15%
2014	2,797,146,500	6,350	\$ 16.60	440,500	0.11%	\$ 7,312	\$ 212	3.02%
				average dollar amount change & average tax bill percent adjustment			\$ 368	3.61%

**\*ESTIMATED TAX RATE; Tax Rate not approved. FY2023 TAX LEVY ESTIMATED AMOUNT IS \$90,837,699.**

# Development of Tax Rate

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## **STEP 3:**

### **Determine Split Tax Rate for Property Classes**

- A residential factor of less than 1, reduces the share of the tax levy paid by the Residential & Open Space classes and increases the share paid by the Commercial and Industrial properties and Personal Property businesses.
- CIP taxpayers cannot pay more than 150% of full fair cash value; RO must pay at least 65% of FFCV. (\*Per Chapter 200, max CIP shift can be 175%, if applicable per calculation)

# Development of Tax Rate

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## STEP 4:

### Determine Split Tax Rate for Property Classes

- FY2022 (last year) Chosen Residential Factor 1.00 / CIP shift 1.0

▪ Natural Full value shares:	RES 0.886323	CIP 0.11368
▪ <u>TAX RATE</u>	<u>RES 0.01612</u>	<u>CIP 0.01612</u>

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- FY2023 - Example of tax rate shift/ split tax rates, in 10% increments (next)

# Development of Tax Rate

## STEP 5:

### Determine Split Tax Rate for Property Classes (2 tax rates)

Estimated Tax Rates							
CIP SHIFT	RES FACTOR	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PERSONAL PROPERTY	RES SHARE PERCENTAGE	CIP SHARE PERCENTAGE
<i>1.00</i>	<i>1.00</i>	<i>14.76</i>	<i>14.76</i>	<i>14.76</i>	<i>14.76</i>	<i>88.9001</i>	<i>11.0999</i>
1.10	0.9875	14.58	16.24	16.24	16.24	87.7901	12.2099
1.20	0.9750	14.39	17.71	17.71	17.71	86.6801	13.3199
1.30	0.9625	14.21	19.19	19.19	19.19	85.5701	14.4299
1.40	0.9501	14.02	20.66	20.66	20.66	84.4601	15.5399
1.50	0.9376	13.84	22.14	22.14	22.14	83.3501	16.6499

*\*All tax rates will change if the open space discount or the residential exemption or the small commercial exemption are chosen.*



## STEP 6 :

### Choose *Residential Factor/CIP Shift* To determine tax share burden for property classes.

#### *Hearing requirement choice:*

- *Single Tax Rate for all property classes*

OR

- *Split Tax Rate : if chosen, a higher burden of tax amount shifts to commercial, industrial and personal property taxpayers (Class 3,4,and 5 respectively)*

#### *Other Community Options:*

- *Small Commercial Exemption: A small commercial business exemption is an option that can reduce tax burden for qualifying small businesses. (up to 10%)*
- *Residential Exemption: Reduces the tax burden for domicile property owners; adds more tax burden to other residential property owners. (up to 35%)*
- *Open Space discount: Allows a discount of up to 75% of full value to designated open space land.*

# Hearing Protocol

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- *Tax burden choices and options made by Select Board; majority vote.*
- *Town Clerk confirms meeting and voting.*
- *Assessors submit hearing choices to state for approval.*



Thank You



# ***VOTED and APPROVED***

*(at meeting and post meeting, respectively)*

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*The SelectBoard voted 5-0 to approve a single tax rate for the Town.*



*The tax rate of \$14.76 and full recap was approved on 11/17/2022 by the DOR Bureau of Accounts.*