



Fiscal Year 2021 Property Tax Classification Hearing

December 9, 2020

Presented by the Norwell Board of Assessors

Why we do this

The Board of Selectmen is required under state law to vote annually on the tax classification options outlined in this presentation:

- Selection of a discount for Open Space
- Granting of a Residential Exemption
- Granting of a Small Commercial Exemption
- Selection of a single or split tax rate

Open Space Discount



- Mass General Laws Ch 59 Section 2A defines open space as:
 - Land which is not otherwise classified and which is not taxable under the provisions of Chapter 61(Forest Lands), 61A(Agricultural Lands) or 61B (Recreational Land).
 - The property must be maintained in an open or natural condition which contributes significantly to the benefit and enjoyment of the public.
- Norwell has never previously approved an Open Space Discount



Residential Exemption

- The Board of Selectmen may adopt a Residential Exemption for owner occupied residential property.
- This exemption reduces resident property owner assessments by the adopted percentage which ranges from 1 – 35% of the average assessed value of ALL residential properties.
- The residential exemption does not reduce the residential share of the tax levy, rather, the total tax reduction is offset by an increase in the residential tax rate which results in a shifting some of the tax burden from owner occupied properties to non owner occupied properties. The Town will raise the full amount of the tax levy despite the higher tax break to eligible homeowners.
- This is typically implemented in resort towns with a high percentage of non-resident property owners.
- Norwell has never previously approved a residential exemption.

Small Commercial Exemption

- An exemption of up to 10% of the property valuation can be granted to the commercial classified properties that meet the requirements set forth under the law. (This does NOT include industrial or personal property)
- To qualify, businesses must have occupied the property as of January 1, 2020 and must have had no more than 10 employees as certified by the Department of Employment and Training during the previous calendar year. The building must have a valuation of less than (\$)1 million dollars. A business which is just one of several businesses within a commercial building would not be eligible for an exemption.
- Similar to the residential exemption, the tax levy does not change and the exemption is borne within the commercial class resulting in an overall increase of the Commercial/Industrial/Personal Property tax rate.
- Norwell has never previously approved a Small Commercial Exemption.



Tax Rate Summary

- The Board of Selectmen may select either a single tax or a split tax rate between residential and commercial properties.
- A single tax rate has a factor of “1” which results in one tax rate across all classes of properties.
- If a factor of “1” is adopted, the single tax rate for Fiscal 2021 would be [\$16.94 per \$1,000 of assessed value].
- The tax rate is determined by dividing the tax levy by the total value of all taxable property and multiplying by \$1,000:

• FY2021 Levy:	\$48,293,943
• Total value of all taxable property:	\$2,850,882,124
• Tax Rate per \$1,000 of assessed value	\$16.94

Historic Tax and Value Comparison

	2017	2018	2019	2020	2021
Ave. Single Family Value	\$598,076	\$623,790	\$640,212	\$650,268	\$667,592
Ave. Single Family Tax Bill	\$9,838.35	\$10,192.74	\$10,449.47	\$10,813.96	\$11,309.01
Number of single homes	3387	3415	3420	3417	3434
Ave. Commercial Value	\$1,129,871	\$1,133,652	\$1,185,355	\$1,194,889	\$1,233,862
Ave. Commercial Tax Bill	\$18,586.39	\$18,523.88	\$19,439.82	\$19,871.00	\$20,901.62
Number of commercial properties	261	261	261	261	255
Tax Levy	\$41,573,995	\$43,045,162	\$44,519,863	\$45,924,694	\$48,293,943
Total Taxable Val	\$2,527,294,523	\$2,634,342,866	\$2,714,625,773	\$2,761,557,059	\$2,850,882,124
Residential Value	\$2,149,241,671	\$2,254,980,142	\$2,319,231,484	\$2,359,178,932	\$2,445,256,987
CIP Value	\$378,052,852	\$379,362,724	\$395,394,289	\$402,378,127	\$405,625,137
Residential %	85.04%	85.6%	85.4%	85.4%	85.77%
CIP %	14.96%	14.4%	14.6%	14.6%	14.2%

Comparison 2020 vs 2021

	2020	2021	Change
Tax Rate	\$16.63	\$16.94	+ .31
Residential data:			
Ave. Single Family Value	\$650,268	\$667,592	+ \$17,324 or 2.7%
Ave. Single Family Tax	\$10,813.96	\$11,309.01	+ \$495.05 or 4.6%
Commercial data:			
Ave. Commercial Value	\$1,194,889	\$1,233,862	+ \$38,973 or 3.26%
Ave. Commercial Tax	\$19,871.00	\$20,901.62	+ \$1,030.62 or 5.2%

Examples of Shifts

	Residential			Commercial		
Shift	Ave. Tax Bill Single Family	Change	Rate	Ave. Tax Bill	Change	Rate
0%	\$11,309.01	0	\$16.94	\$20,901.62	0	\$16.94
5%	\$11,215.55	(\$93.46)	\$16.80	\$21,950.40	\$1,048.78	\$17.79
10%	\$11,122.08	(\$186.93)	\$16.66	\$22,986.85	\$2,085.23	\$18.63
15%	\$11,028.62	(\$280.39)	\$16.52	\$24,035.63	\$3,134.01	\$19.48
20%	\$10,935.16	(\$373.85)	\$16.38	\$25,084.41	\$4,182.79	\$20.33

Recommendation

The Board of Assessors has voted unanimously to recommend:

- 1) Not adopting the Open Space, Residential or Small Business Exemptions due to the insignificant number of properties that would qualify and the implications of shifting tax burden from one group of taxpayers to another
- 2) Maintaining a single tax rate