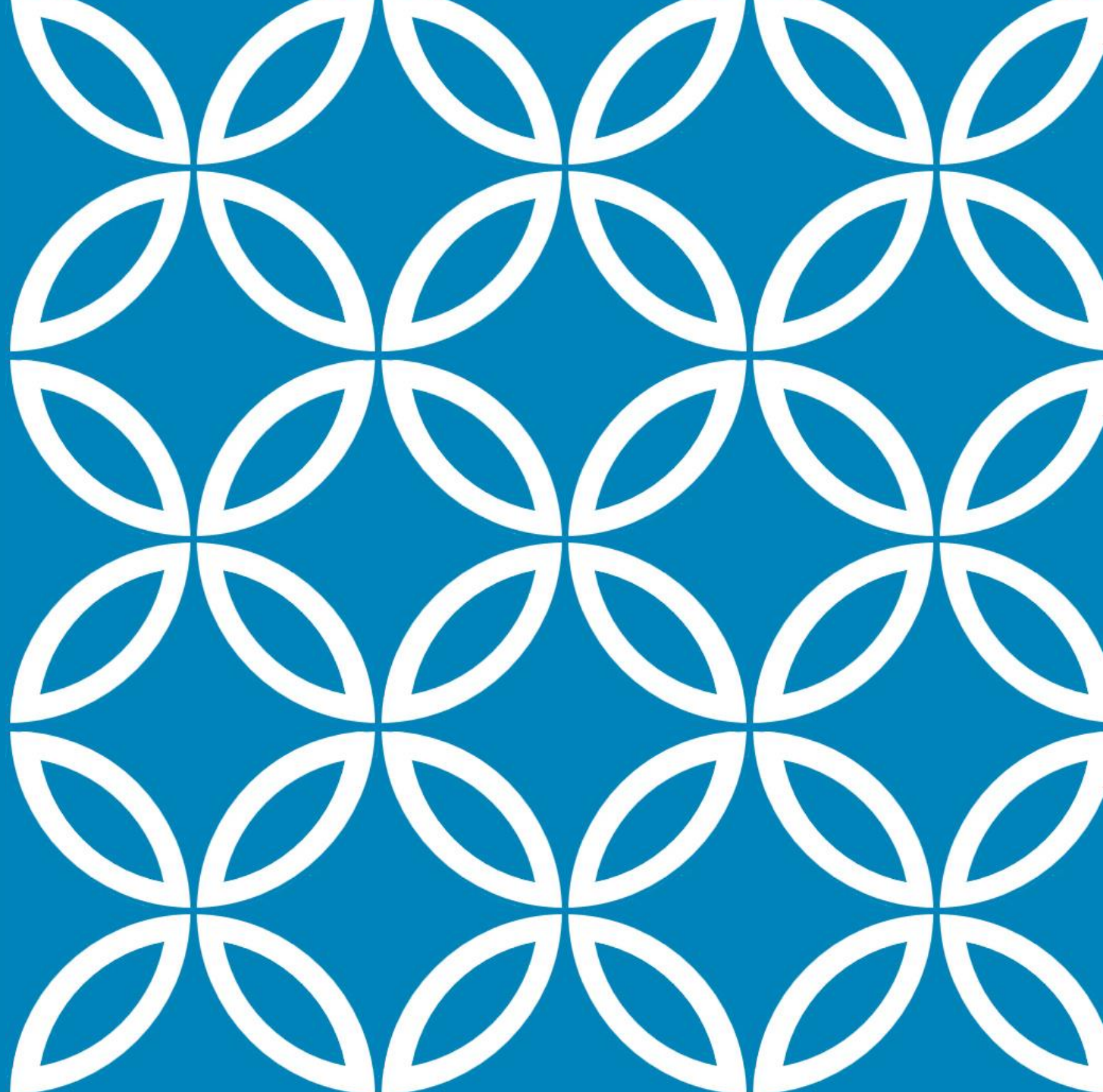


# THE PROPERTY TAX CLASSIFICATION HEARING FISCAL YEAR 2022

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Presented by  
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Town of Norwell



# WHY WE DO THIS ?

The information contained in this presentation is intended to provide the Select Board & the residents of Norwell with the information needed to conduct a public hearing on the classification options under Massachusetts General Law.

The Select Board is required to vote on these 4 options annually in respect to the setting Norwell's Tax Rate:

- Whether or not to adopt an Open Space discount
- Whether or not to grant a Residential Exemption
- Whether or not to approve a Small Commercial Exemption
- Whether or not to set a single tax-rate or split the rate between Residential and Commercial, Industrial and Personal Property taxes. (CIP)

## What is Open Space?

Open Space is defined by MGL 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 currently has 0 parcels assessed as open space.

# OPEN SPACE DISCOUNT



# RESIDENTIAL EXEMPTION

The Select Board may choose to adopt a Residential Exemption for owner-occupied residential property.

This exemption would reduce the average assessed value of ALL residential properties which are owner-occupied by 1-35% of the average assessed value of all residential properties.

Adoption of a residential exemption does not reduce the residential share of the tax levy. The total tax reduction is offset by an increase in the residential tax rate for non-owner-occupied properties (rental properties).

The Town **MUST** raise the full amount of the tax levy despite a tax break to eligible homeowners.





## 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)

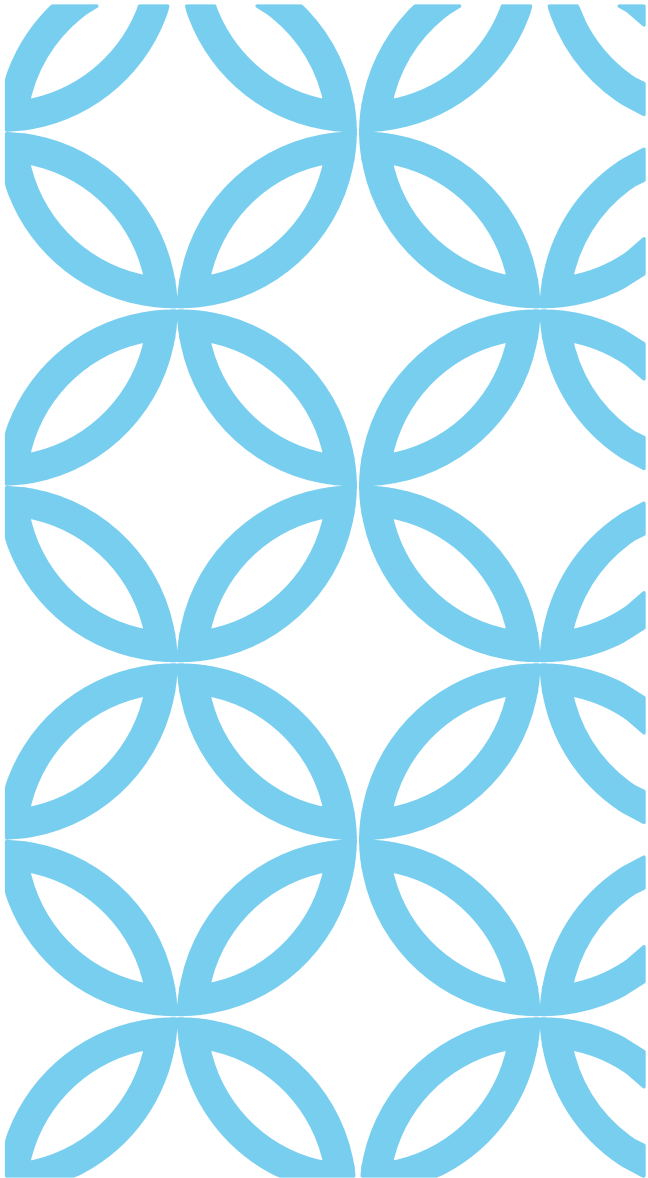
To qualify:

- a businesses must have occupied the property as of January 1, 2021
- 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.

Like 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.

# COMPARISON 2021 VS. 2022

	2021	2022	CHANGE \$	%
Tax Rate	\$16.94	\$ 16.62	.32¢	-2%
Residential data:				
Ave. Single Family Value	\$ 667,592	\$ 707,105	\$ 39,353	+ 6%
Ave. Single Family Tax	\$ 11, 309.11	\$ 11,752.09	\$ 440.37	+ 4%
Commercial data:				
Ave. Commercial Value	\$ 1,233,862	\$ 1,255,058	\$ 21,196	+ 2%
Ave. Commercial Tax	\$ 20,901.62	\$ 20,859.06	\$ -42.56	- 1 %



Under Massachusetts General Law, a Towns select board must vote annually if it should set a single or a split tax rate.

Single Tax Rate: All property classes are taxed at the same tax rate.

Split Tax Rate: Residential property is taxed at one rate and Commercial, Industrial, and Personal Property (C.I.P.) classes are taxed at another rate.

The intention of this is to alleviate the tax burden on the residential class and put it on the C.I.P. classes. Most towns vote a single rate unless the C.I.P. class exceeds 30% of the tax base. Prior to this ratio the benefit to the residential class outweighs the risk of losing C.I.P. owners and/or deterring C.I.P. to come into town.

The next couple slides will elaborate further on how a Split Tax Rate would affect Norwell if voted.

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## THE GREAT DEBATE: SETTING A SINGLE OR A SPLIT TAX RATE

# HOW SPLITTING THE TAX RATE WOULD AFFECT RESIDENTIAL & COMMERCIAL PROPERTIES

	Average Residential Single Family Property Value \$ 707, 105			Average Commercial Property Value \$1,255,058		
Shift	Ave. SF Tax Bill	Change	Rate	Ave. Tax Bill	Change	Rate
0%	\$ 11,752.08	0	\$16.62	\$ 20,859.06	0	\$16.62
5%	\$11,653.09	(\$98.99)	\$16.48	\$21,900.76	1,041.70	\$17.45
10%	\$11,561.17	(\$190.91)	\$16.35	\$22,942.46	2,083.40	\$18.28
15%	\$11,469.24	(\$282.84)	\$16.22	\$23,984.16	3,125.10	\$19.11
20%	\$11,370.25	(\$381.83)	\$16.08	\$25,025.86	\$4,166.80	\$19.94
25%	\$11,278.32	(\$473.76)	\$15.95	\$26,067.55	\$5,208.49	\$20.77
30%	\$11,179.33	(\$572.75)	\$15.81	\$27,121.80	\$6,262.74	\$21.61



# HISTORIC TAX AND VALUE COMPARISON

Fiscal Year	2018	2019	2020	2021	2022
Ave. Single Family Value	\$623,790	\$640,212	\$650,268	\$667,592	\$ 707,105
Ave. Single Family Tax Bill	\$10,192.74	\$10,449.47	\$10,813.96	\$11,309.11	\$11,752.09
Number of single homes	3,415	3,420	3,417	3,434	3,443
Ave. Commercial Value	\$1,133,652	\$1,185,355	\$1,194,889	\$1,233,862	\$1,255,058
Ave. Commercial Tax Bill	\$18,523.88	\$19,439.82	\$19,871.00	\$ 20,901.62	\$ 20,859.06
# of Commercial Properties	261	261	261	255	255
Tax Levy	\$43,045,162	\$44,519,863	\$45,924,694	\$48,293,943	\$49,931,219
Fiscal Year	2018	2019	2020	2021	2022
Total Taxable Value	\$ 2,634,342,866	\$ 2,714,625,773	\$ 2,761,557,059	\$ 2,850,882,124	\$ 3,004,285,161
Residential Value	\$ 2,254,980,142	\$ 2,319,231,484	\$ 2,359,178,932	\$ 2,445,256,987	\$ 2,586,136,671
CIP Value	\$ 379,362,724	\$ 395,394,289	\$ 402,378,127	\$ 405,625,137	\$ 418,148,490
Residential %	85.6%	85.4%	85.4%	85.8%	86.1%
CIP %	14.4%	14.6%	14.6%	14.2%	13.9%

The Board of Assessors Recommends Norwell:

Does Not Adopt: An Open Space discount  
A Residential Exemption

Does Adopt: A Small Commercial Exemption.

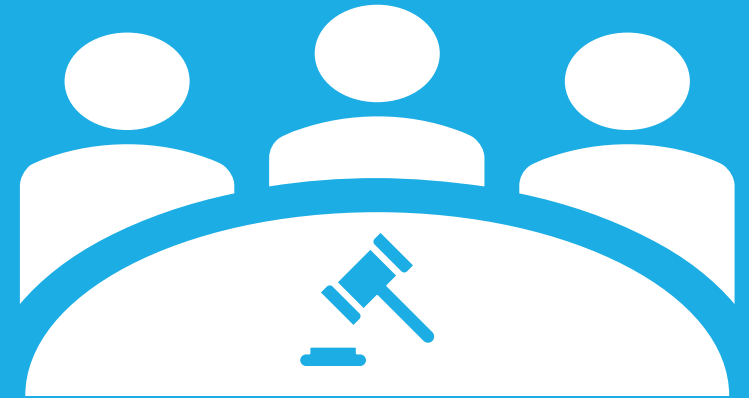
The Board of Assessors recommends that Norwell Select Board adopts a single tax rate / a factor of “1”.

If a factor of “1” is voted this evening, the tax rate for Norwell for Fiscal Year 2022 will be \$16.62 per thousand dollars of value.

This rate is determined by dividing the tax levy by the total assessed value of all taxable property in Norwell:

$$\frac{\$ 49,931,219.37 \text{ (Norwell's FY2022 Levy)}}{\$ 3,004,285,161 \text{ (Assessed Value of all properties)}} \times 1000 = \$16.62 \text{ (tax rate)}$$

# BOARD OF ASSESSORS RECOMMENDATIONS





**THANK YOU!**

# NEW GROWTH

## What is New Growth?

New growth is a dollar increase in the annual levy limit that reflects additions to the community's tax base since last fiscal year.

## How do we get it?

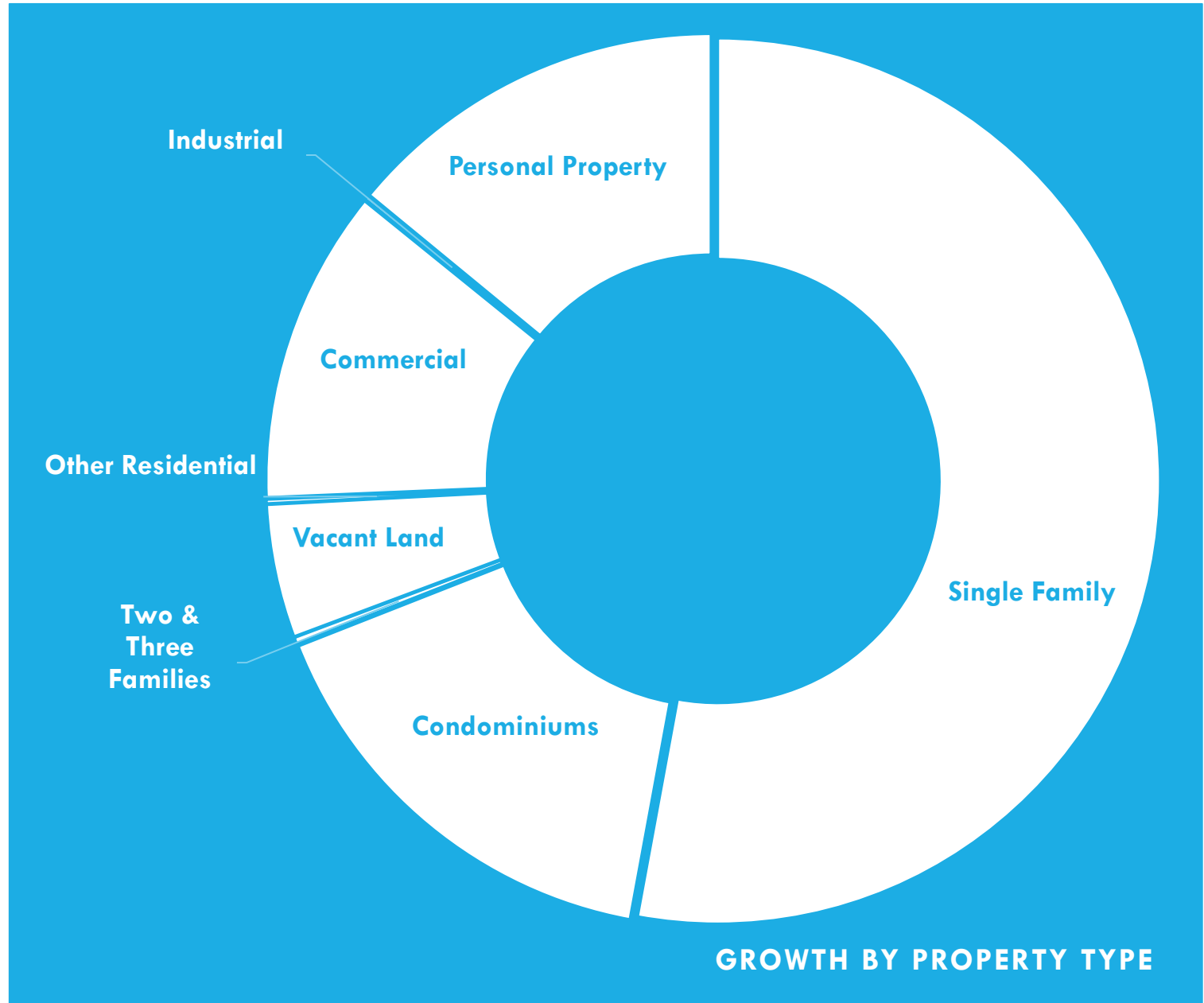
New Construction

Additions

Items which were not previously taxed

Exempt changes to Taxable

Property that is subdivided



# GROWTH FY2022: WHERE DID IT ALL COME FROM?

For Example:

26 Finished Homes & Condominiums

Additions

Sheds

Pools

Pool Houses

4 & 6 Car Garages w/finished space above

Large Deck & Patio spaces

Bedrooms

Bathrooms

Finished Basements

Air Conditioners



# HOW DOES NEW GROWTH EFFECT THE LEVY?

New Growth is tracked and collected by the Assessors using (Building Permits, Inspections, MLS, Google and other available sources) and is certified by the department of revenue. The amount of Growth collected by the Town is then added to the levy as it is a permanent addition to the Towns tax base which will be collected each year.

Norwell added \$38,091,190 worth of taxable value between 1/1/2020 and 1/1/2021.

$$38,091,190 \times 16.94 / 1000 = \$645,264$$

This calculates out to \$645,264 in revenue for the town which is added to the levy.