

TOWN OF NORWELL  
PROPERTY TAX  
CLASSIFICATION HEARING  
FISCAL YEAR 2023

NOVEMBER 16, 2022

Presented by  
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Principal Assessor





# Why do we do this ?

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

The Select Board is required to vote on these 4 options annually in respect to 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 a Split Tax Rate between Residential & Commercial, Industrial and Personal Property taxes. (C.I.P.)

## What is Open Space?

Open Space is defined by Massachusetts General Laws as land which is not otherwise classified, and which is not taxable under the provisions of Chapters 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.

- The Board of Assessors does not recommend adopting an Open Space Discount.

# 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. Rather, the burden is shifted within the residential class, and the total tax reduction is offset by an increase in the residential tax rate for non-owner-occupied properties (i.e., rental properties and 2<sup>nd</sup> homes).

The Board of Assessors Does not recommend the adoption of a Residential Exemption in Norwell.





# 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 business must have:

- Occupied the property as of January 1, 2022;
- No more than 10 employees certified by the Department of Employment and Training during the previous calendar year;
- A property value of less than (\$)1 million dollars.

Additionally, if a business is just one of several businesses within a commercial building it 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.

- The Board of Assessors does not recommend the adoption of a Small Commercial Exemption.

# Comparison Fiscal Year 2022 vs. 2023

	2022	2023	CHANGE \$	%
Tax Rate	\$ 16.62	\$ 15.29	- \$1.33	- 8.0%
Residential data:				
Ave. Single Family Value	\$ 707,105	\$ 798,053	\$ 90,948	+12.9%
Ave. Single Family Tax	\$ 11,752.09	\$ 12,202.23	\$ 450.14	+ 3.8%
Commercial data:				
Ave. Commercial Value	\$ 1,255,058	\$ 1,415,071	\$ 160,013	+12.7%
Ave. Commercial Tax	\$ 20,859.06	\$ 21,636.44	\$ 777.38	+ 3.7%





# The Great Debate: Single or Split Tax Rate

Under Massachusetts General Laws, a town's Select Board must vote annually if it should set a single or a split tax rate.

Single Tax Rate: All classes are taxed at the same 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 place 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 potential benefit to the residential class does not outweigh the risk of losing and/or deterring C.I.P. to come into town.

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

- The Board of Assessors recommends a factor of "1" and does not recommend a Split Tax Rate.

# How a Split Tax Rate Would Affect Residential & Commercial Properties

	Average Residential Single Family Property Value \$ 798,053			Average Commercial Property Value \$1,415,071		
Shift	Ave. SF Tax Bill	Change	Rate	Ave. Tax Bill	Change	Rate
0%	\$ 12,202.23	0	\$15.29	\$ 21,636.44	0	\$15.29
5%	\$ 12,106.46	(\$95.77)	\$15.17	\$ 22,711.89	\$ 1,075.45	\$16.05
10%	\$ 12,010.69	(\$119.54)	\$15.05	\$ 23,801.49	\$ 2,165.06	\$16.82
15%	\$ 11,906.95	(\$295.28)	\$14.92	\$ 24,876.95	\$ 3,240.51	\$17.58
20%	\$ 11,811.18	(\$391.05)	\$14.80	\$ 25,966.55	\$ 4,330.12	\$18.35
25%	\$ 11,715.42	(\$486.81)	\$14.68	\$ 27,042.01	\$ 5,405.57	\$19.11
30%	\$ 11,619.65	(\$582.58)	\$14.56	\$ 28,131.61	\$ 6,495.18	\$19.88



# Historic Tax and Value Comparison

Fiscal Year	2019	2020	2021	2022	2023
Ave. Single Family Value	\$640,212	\$650,268	\$667,592	\$ 707,105	\$ 798,053
Ave. Single Family Tax Bill	\$10,449.47	\$10,813.96	\$11,309.11	\$11,752.09	\$12,202.23
Number of single homes	3,420	3,417	3,434	3,443	3,456
Ave. Commercial Value	\$1,185,355	\$1,194,889	\$1,233,862	\$1,255,058	\$1,415,071
Ave. Commercial Tax Bill	\$19,439.82	\$19,871.00	\$ 20,901.62	\$ 20,859.06	\$ 21,636.44
# of Commercial Properties	261	261	255	255	255
Tax Levy	\$44,519,863	\$45,924,694	\$48,293,943	\$49,931,219	\$51,824,284

	2019	2020	2021	2022	2023
<b>Total Taxable Value</b>	\$ 2,714,625,773	\$ 2,761,557,059	\$ 2,850,882,124	\$ 3,004,285,161	\$3,389,423,476
<b>Residential Value</b>	\$ 2,319,231,484	\$ 2,359,178,932	\$ 2,445,256,987	\$ 2,586,136,671	\$ 2,922,844,130
<b>CIP Value</b>	\$ 395,394,289	\$ 402,378,127	\$ 405,625,137	\$ 418,148,490	\$ 466,579,346
Fiscal Year					
<b>Residential %</b>	85.4%	85.4%	85.8%	86.1%	86.2%
<b>CIP %</b>	14.6%	14.6%	14.2%	13.9%	13.8%

The Board of Assessors recommends that Norwell:

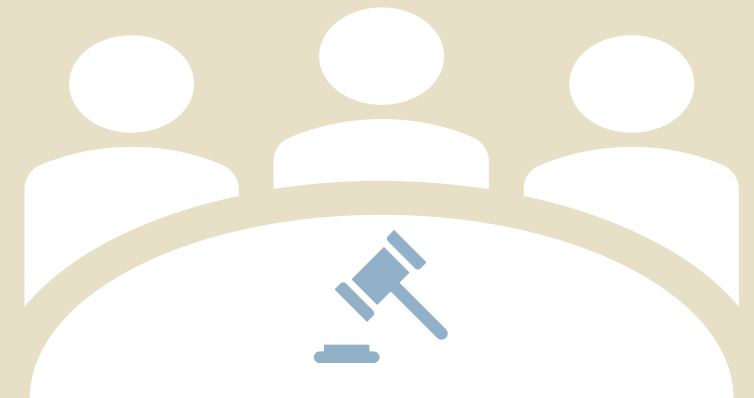
- Does Not Adopt:**
- An Open Space discount
  - A Residential Exemption
  - A Small Commercial Exemption
  - A Split Tax Rate

If a factor of “1” is voted this evening, the tax rate for Norwell for **Fiscal Year 2023** is estimated to be **\$15.29** 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:

$$\frac{\$51,824,284 \text{ (Norwell's FY2023 Levy)}}{\$ 3,389,423,476 \text{ (Assessed Value of all properties)}} \times 1000 = \$15.29 \text{ (estimated tax rate)}$$

## 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 ?

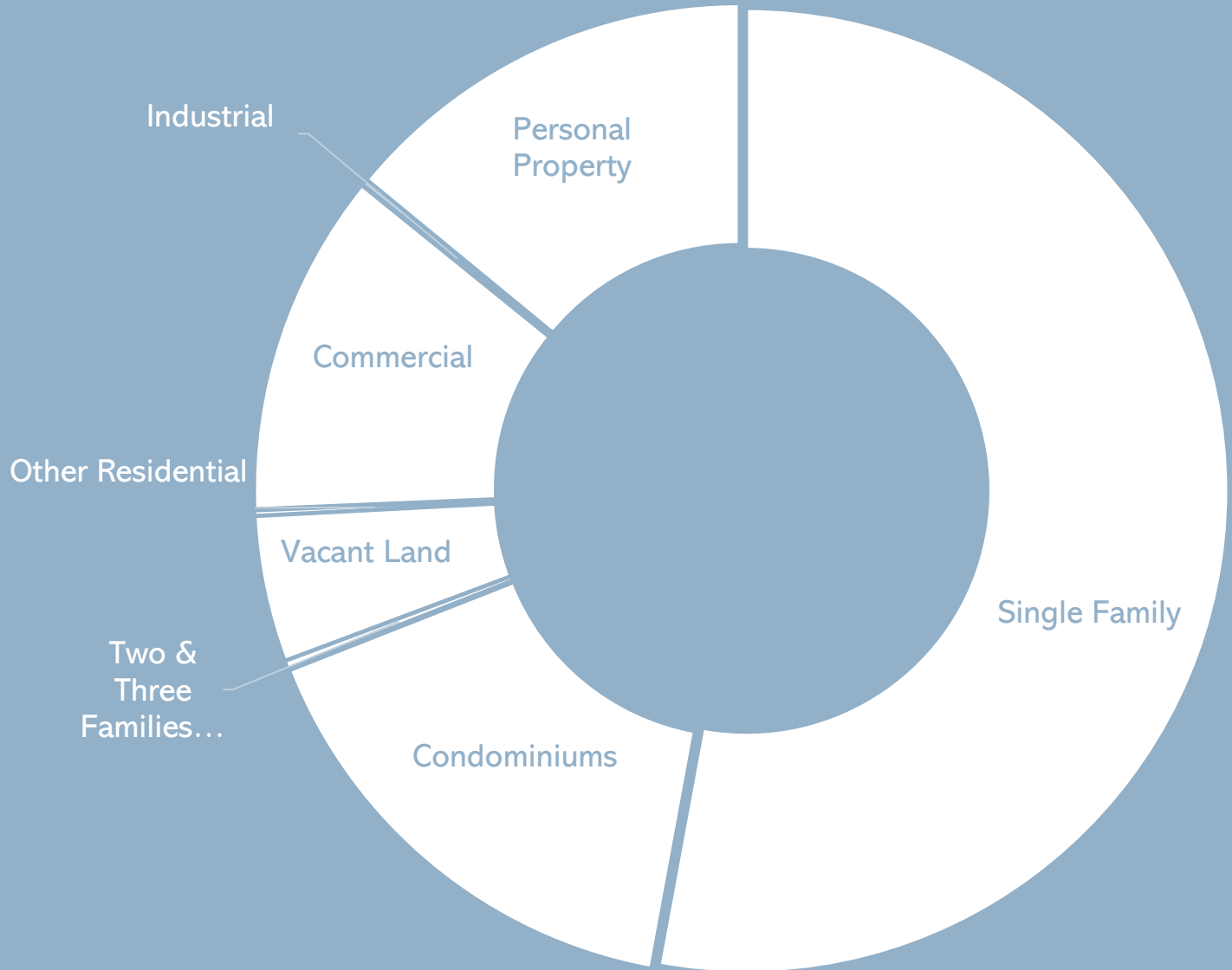
New Construction

Additions

Items which were not previously taxed

Exempt changes to Taxable

Property that is subdivided



GROWTH BY PROPERTY TYPE





## Growth FY2023: Where did it all come from?

- New Homes & Condominiums
- Additions
- Sheds
- Pools
- Pool Houses
- Garages w/finished space above
- Decks & Patios
- Bedrooms
- Bathrooms
- Finished Basements
- Air Conditioning

# How does New Growth effect the Levy?

New Growth is tracked and collected by the Assessors using (Building Permits, Inspections, MLS, Google Earth 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 Town's tax base which will be collected each year.

Norwell added \$35,830,220 worth of taxable value between 1/1/2021 and 12/31/2021.

$$\text{\$35,830,220} \times 16.62 / 1000 = \text{\$595,498}$$

This calculates out to \$595,498 in revenue for the town which is added to the levy.