

Property Tax Classification Hearing November 29, 2017

Presented by the Norwell Board of Assessors



Why we do this

- This information contained in this slide is intended to provide the Board of Selectmen with the information to conduct a public hearing on the classification options under Massachusetts General Law.
- Required to be voted on by the Board of Selectmen the options presented for consideration are:
 - Selection of a minimum Residential Factor
 - Selection of a discount for Open Space
 - Granting of a Residential Exemption
 - Granting of a Small Commercial Exemption

DISCOUNT FOR OPEN SPACE

- MGL C59, sec 2A defines class 2 open space as: land which is not otherwise classified and which is not taxable under the provisions of chapter 61A or 61B, or taxable, and land maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.



RESIDENTIAL EXEMPTION

- BOS may adopt a Residential Exemption for residential properties in town that are owner occupied.
- Amount up to 20% of the average assessed value of ALL residential properties, including vacant land.
- Adoption this would raise the residential tax.
- Adopted by only 13 communities including Boston, Chelsea, Cambridge & Waltham.
- Since the shift is only in the residential class, higher valued homes will pay for the exemption to those homes of lower value.

SMALL COMMERCIAL EXEMPTION

- Commercial:
- An exemption of up to 10% of the property valuation can be granted commercial, not industrial or personal properties that meet the requirements set forth under the law. To qualify, businesses must have occupied the property as of January 1, 2017 and must have had no more than 10 employees as certified by the Department of Employment and Training during the previous calendar year and the building must have a valuation of less than \$1,000,000. A business which is just one of several businesses within a commercial building would not be eligible for an exemption, the tax levy does not change and the exemption unless every business with a commercial building in that property qualified as well. 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 CIP tax rate. Norwell's assessing department is unaware of any businesses that qualify in Norwell.



TAX RATE SUMMARY

The Board of Selectmen has the option of selecting a factor of “1” this would adopt a single tax rate for all residential, commercial, industrial and personal property instead of shifting the tax burden from the residential class to the CIP class. If the factor of “1” is adopted, the single tax rate for all classes of property would be \$16.34. The rate is determined by dividing the tax levy by the total value of all taxable property.

Levy:43,045,162.43/Value: 2,634,342,866 (16.34) x 1000 = Tax Rate

	RESIDENTIAL				COMMERCIAL	
SHIFTS	AVERAGE TAX BILL SINGLE FAMILY	CHANGE	RATE	RATE	AVERAGE TAX BILL	CHANGE
1%	\$10,192.74		\$16.34	\$16.34	\$18,523.88	
5%	\$10,105.41	(\$87.13)	\$16.20	\$17.16	\$19,453.47	\$929.59
10%	\$10,024.31	(\$187.13)	\$16.07	\$17.97	\$20,371.73	\$1,847.85
15%	\$9,936.97	(\$274.46)	\$15.93	\$18.79	\$21,301.32	\$2,777.44
20%	\$9,849.64	(\$343.04)	\$15.79	\$19.61	\$22,230.92	\$3,707.04

RESIDENTIAL AND COMMERCIAL DATA

	2014	2015	2016	2017	2018
<u>Single Family</u>					
<u>Average Single Family Tax Bill</u>	8,818.14	9,182.97	9,494.76	9,838.35	10,192.74
<u>Avg Value: Single Family</u>	538,677	556,543	575,440	598,076	623,790
<u>Number of single Homes</u>	3316	3345	3367	3387	3415
<u>Commercial</u>					
<u>Average Tax Bill</u>	17,142.68	18,426.87	18,552.38	18,586.39	18,523.88
<u>Average Value: Commercial</u>					
<u>Number of Commercial Parcels</u>	1,047,201	1,116,780	1,124,387	1,129,871	1,133,652
	264	262	263	261	261

OVERVIEW OF KEY CHANGES

	FY 2017	2018	CHANGE
TAX RATE	\$16.45	\$16.34	\$-0.11
AVERAGE			
SINGLE FAMILY VALUE	\$598,076	\$623,790	\$25,714
SINGLE FAMILY TAX	\$9,838.35	\$10,192.74	\$354.39
AVERAGE			
COMMERCIAL VALUE	\$1,129,870.88	\$1,133,652.11	\$3,781.23
COMERCIAL TAX	\$18,552.38	\$18,523.88	\$-28.50

THE NORWELL BOARD OF ASSESSORS VOTED TO RECOMMEND A SINGLE TAX

NOTES

MEDIAN SALES PRICE FOR 2017 JAN-SEP SINGLE
FAMILY \$650,000

MEDIAN SALES PRICE FOR 2016 JAN-SEP SINGLE
FAMILY \$590,000

NUMBER OF SALES 2017 JAN – SEP SINGLE
FAMILY 116

NUMBER OF SALES 2016 JAN – DEC SINGLE
FAMILY 164