



# Tax Classification

**Fiscal Year 2024 – Interim**

Board of Assessors:  
Nancy Lyons  
David Delaney  
Melsi Xhengo, Chair

# The Focus of the Classification Hearing

- The Select Board must hold a hearing each year to consider the tax rate options available to the Town under property tax classification.
- The Board of Assessors will make a recommendation to the Select Board whether to establish different rates among the major property classes [Residential, Commercial, Industrial and Personal Property (CIP)].

# Setting the “Values”

- Massachusetts statute requires all properties to be assessed at full and fair cash value as of January 1st each year.
- **Full property revaluation also known as certification is completed every 5 years.**
- *FY 2028 Is our next certification year.*
- **Interim year adjustments are based on the market sales analysis during non-certification years.**

# Setting the “Values”

- The Department of Revenue ***annually*** reviews and approves the adjusted values proposed by the Assessing Department.
- The assessed **residential value** is based on the **2022 comparable sales market analysis**.
- The assessed **commercial value** is based on both **income and expense as well as the 2022 comparable sales analysis and cost analysis**.

# FY2024 Tax Levy

- Total Amount to be raised = **\$81,352,836**  
(Voted at Town Meeting / Total Town Budget )
- Total Estimated Receipts = **\$28,101,502**  
(Motor vehicle excise, Fees, Licenses, Permits, etc.)
- **Estimated Tax Levy** = **\$53,251,334**  
(Amount needed to be raised through Property Taxes)

# FY 24 VALUATION BY CLASS

## SINGLE TAX RATE CALCULATION

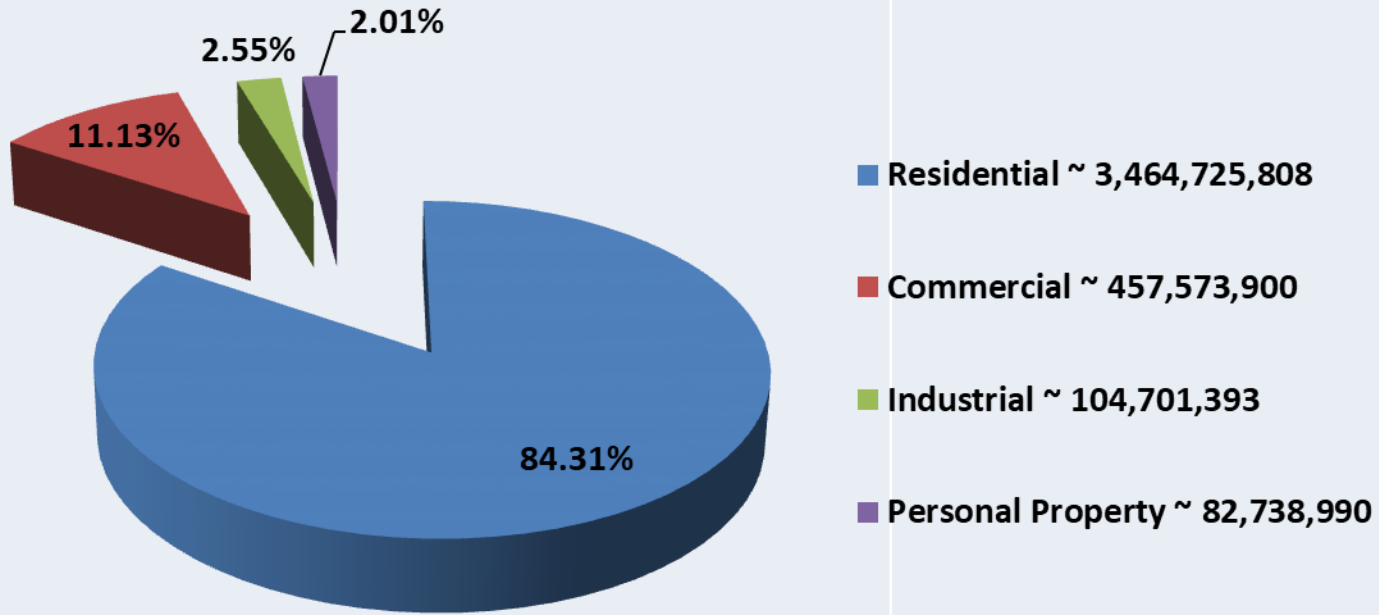
Valuation  
by class

CLASS	VALUE	%	
RESIDENTIAL	3,464,725,808	84.31	RES
			84.31
COMMERCIAL	457,573,900	11.13	
INDUSTRIAL	104,701,393	2.55	C I P %
PERSONAL PROPERTY	82,738,990	2.01	15.69
Total	<b>4,109,740,091</b>	<b>100.0000</b>	
Levy	<b>53,251,332</b>		
Single Tax Rate	<b>12.96</b>		

Levy / Total Value = Single Tax Rate

$$53,251,332 / 4,109,740,091 = 12.96$$

# VALUATION BY CLASS



**TOTAL VALUATION - \$4,109,740,091 100%**

# Community Comparison FY23

RANK	Municipality	2023 Average Single Family		
		Tax Bill	Assessment	FY2023 Tax Rate
1	Wareham	\$3,750	\$378,036	\$9.92
2	Lakeville	\$5,574	\$499,918	\$11.15
3	Whitman	\$5,707	\$420,530	\$13.57
4	Rochester	\$6,195	\$521,872	\$11.87
5	Hanson	\$6,461	\$455,623	\$14.18
6	Bridgewater	\$6,696	\$521,524	\$12.84
7	Plymouth	\$6,799	\$495,902	\$13.71
8	Rockland	\$6,802	\$446,931	\$15.22
9	Halifax	\$6,818	\$458,202	\$14.88
10	E. Bridgewater	\$6,821	\$472,023	\$14.45
11	Pembroke	\$6,827	\$536,695	\$12.72
12	Hull	\$6,983	\$573,792	\$12.17
13	Marshfield	\$7,005	\$618,840	\$11.32
14	Abington	\$7,076	\$497,978	\$14.21
15	Plympton	\$7,177	\$476,877	\$15.05
16	Kingston	\$7,181	\$537,519	\$13.36
17	Mattapoisett	\$7,409	\$658,604	\$11.25
18	Marion	\$7,976	\$844,953	\$9.44
19	Scituate	\$9,150	\$822,087	\$11.13
20	Hanover	\$9,156	\$678,719	\$13.49
21	Hingham	\$11,177	\$1,117,651	\$10.00
22	Duxbury	\$11,665	\$1,091,242	\$10.69
23	Norwell	\$12,202	\$798,053	\$15.29

Single Rate Towns in order by Avg Tax Bill; Lowest tax rate is \$9.92; Highest is \$15.29



# Cities and Towns with Split Tax Rate

<b>Town</b>	<b>Tax Rate Split</b>	<b>% of Tax Values Commercial/PP/Industrial</b>
<b>Hanover</b>	<b>1.00</b>	<b>15.37%</b>
<b>Braintree</b>	<b>1.75</b>	<b>20.29%</b>
<b>Foxboro</b>	<b>1.22</b>	<b>20.45%</b>
<b>Quincy</b>	<b>1.75</b>	<b>13.96%</b>
<b>Walpole</b>	<b>1.27</b>	<b>12.28%</b>
<b>Weymouth</b>	<b>1.46</b>	<b>14.02%</b>
<b>Wrentham</b>	<b>1.26</b>	<b>17.23%</b>

# Tax Rate

## Shift Options FY 2024

Range 1.03-1.05

CIP Shift	Res Factor	Res ET	Comm ET	Ind ET	PP ET	
<b>1.0000</b>	1.0000	<b>12.96</b>	<b>12.96</b>	12.96	12.96	<b>SINGLE TAX RATE</b>
<b>1.0100</b>	0.9981	<b>12.93</b>	<b>13.09</b>	13.09	13.09	<b>SPLIT TAX RATES</b>
<b>1.0200</b>	0.9963	<b>12.91</b>	<b>13.22</b>	13.22	13.22	
<b>1.0300</b>	0.9944	<b>12.88</b>	<b>13.35</b>	13.35	13.35	
<b>1.0400</b>	0.9926	<b>12.86</b>	<b>13.48</b>	13.48	13.48	
<b>1.0500</b>	0.9907	<b>12.84</b>	<b>13.61</b>	13.61	13.61	
<b>1.0600</b>	0.9888	<b>12.81</b>	<b>13.73</b>	13.73	13.74	
<b>1.0700</b>	0.9870	<b>12.79</b>	<b>13.86</b>	13.86	13.86	
<b>1.0800</b>	0.9851	<b>12.76</b>	<b>13.99</b>	13.99	13.99	
<b>1.0900</b>	0.9832	<b>12.74</b>	<b>14.12</b>	14.12	14.12	
<b>1.1000</b>	0.9814	<b>12.72</b>	<b>14.25</b>	14.25	14.25	
<b>1.2000</b>	0.9628	<b>12.47</b>	<b>15.55</b>	15.55	15.55	
<b>1.3000</b>	0.9442	<b>12.23</b>	<b>16.84</b>	16.84	16.85	
<b>1.4000</b>	0.9255	<b>11.99</b>	<b>18.14</b>	18.14	18.14	

See page 11 for impact

# Levy shift history for the last 10 years

Avg shift **1.04 & 1.05**

<b>Fiscal Year</b>	<b>Single Family Value Total</b>	<b>Single Family Parcels</b>	<b>Average Single Family Value</b>	<b>Tax Rate</b>	<b>Average Tax Bill</b>	<b>CIP SHIFT</b>
2014	\$1,713,881,600	4,143	\$413,681	\$16.21	\$6,706	1.05
2015	\$1,812,480,800	4,159	\$435,797	\$16.15	\$7,038	1.05
2016	\$1,875,933,700	4,172	\$449,649	\$16.86	\$7,581	1.05
2017	\$1,975,543,800	4,176	\$473,071	\$16.52	\$7,815	1.04
2018	\$2,059,566,300	4,190	\$491,543	\$16.28	\$8,002	1.04
2019	\$2,144,735,000	4,207	\$509,801	\$16.41	\$8,381	1.05
2020	\$2,254,317,145	4,211	\$535,340	\$16.31	\$8,731	1.04
2021	\$2,290,967,337	4,213	\$543,785	\$16.42	\$8928	1.04
<b>2022</b>	<b>\$2,501,434,906</b>	<b>4,217</b>	<b>\$593,178</b>	<b>\$15.25</b>	<b>\$9045</b>	1.04
<b>2023</b>	<b>\$2,864,871,441</b>	<b>4221</b>	<b>\$678,718</b>	<b>\$13.49</b>	<b>\$9169</b>	<b>1.00</b>
<b>2024</b>	<b>3,095,546,538</b>	<b>4221</b>	<b>\$733,368</b>	<b>12.96</b>	<b>\$9504</b>	<b>1.00</b>

# Impact of a Split Rate

	Res tax Rate	Avg SFH Assess	avg sfh Assess/1000	avg sfh tax bill	savings to Residents		Comm Tax Rate	Avg Comm Assess	Avg Comm Assess/ 1000	Avg Comm tax bill	Increase to Comm taxpayers
Single Tax Rate	\$12.96	733,368	733.37	9,504			12.96	1,500,400	1500.4	\$19,445	
			0.00								
1.03	12.88	733,368	733.37	9,446	\$59		13.35	1,500,400	1500.4	\$20,030	\$585
* 1.04	12.86	733,368	733.37	9,431	\$73	*	13.48	1,500,400	1500.4	\$20,225	\$780
* 1.05	12.84	733,368	733.37	9,416	\$91	*	13.61	1,500,400	1500.4	\$20,420	\$975
1.06	12.81	733,368	733.37	9,394	\$110		13.73	1,500,400	1500.4	\$20,600	\$1,155
1.10	12.72	733,368	733.37	9,328	\$176		14.25	1,500,400	1500.4	\$21,381	\$1,936
1.20	12.47	733,368	733.37	9,145	\$359		15.55	1,500,400	1500.4	\$23,331	\$3,886
1.30	12.23	733,368	733.37	8,969	\$535		16.84	1,500,400	1500.4	\$25,267	\$5,822

When presenting the FY24 budget, **it was estimated that the average home would see an increase of \$459 (4.4%) in taxes.** The increase will be slightly less than originally estimated due to a higher amount of new growth captured than what was budgeted.

# Historical & Projected Average Residential Property Tax Bill Increase \$



# Historical & Projected Average Residential Property Tax Bill Increase %



# OPEN SPACE – Like most communities we do not classify open space in Hanover

Massachusetts General Law Chapter 59 Section 2A(b) states that Assessors must classify all real property within their jurisdiction into four classes: Residential, Open Space, Commercial and Industrial.

- The open space discount may reduce the amount of the Tax Levy paid by the open space class by a discount of up to 25%.
- The discount lowers the open space tax rate because the amount of the Levy paid by that class is reduced. Those taxes are shifted to the residential class alone which means a higher residential tax rate.

**Only 13 communities classify open space** with the closest being Norfolk.

*Not recommended for Hanover*

# SMALL COMMERCIAL EXEMPTION

## Who's Eligible?

- Sole Proprietors + Partnership
- **No more than 10 employees (all locations company wide).**
- **Total value of property cannot exceed \$1,000,000 (1 million).**
- Business must be certified by Dept. of Labor & Workforce Development.
- **If parcel has multiple tenants, ALL must be eligible businesses.**

## ▶ Benefit

- Up to 10% of Commercial Levy can be shifted from the eligible parcels to the non-eligible parcels.

## ▶ Things to Consider

- If not owner occupied, **the tax benefit goes to the property owner and not the small business owner.**
- **Difficult to track**
- Depending on ownership, **the burden is sometimes shifted to other small business owners.**
- **Only 14 Communities statewide have adopted the Small Commercial Exemption**
- **Not recommended for Hanover**



# RESIDENTIAL EXEMPTION

- ***Adopting the Residential Exemption can shift the tax burden within the Residential class from lower priced homes to higher priced homes.*** The total tax levy of the class remains the same.
- A Residential Exemption of up to 20% of the average assessed value of all residential properties may be granted to qualifying owner occupied properties.
- Adopting the Residential Exemption is primarily for communities with higher non owner occupied properties.
- **There are currently only a handful of communities in Massachusetts that have adopted this exemption.**

***Not recommended for Hanover***

## At the Pre-Classification Meeting the Board of Assessors voted the following recommendations.

- A RESIDENTIAL FACTOR OF 1 BE ADOPTED FOR FY 2024 (**noshift**)
- **“NO”** ON OPEN SPACE DISCOUNT
- **“NO”** ON SMALL COMMERCIAL EXEMPTION
- **“NO”** ON RESIDENTIAL EXEMPTION

## Motion by Select Board:

- A RESIDENTIAL FACTOR OF \_\_\_\_\_ BE ADOPTED FOR FY 2024 (\_\_\_\_\_)
  - “\_\_\_\_\_” ON OPEN SPACE DISCOUNT
  - “\_\_\_\_\_” ON SMALL COMMERCIAL EXEMPTION
  - “\_\_\_\_\_” ON RESIDENTIAL EXEMPTION
- 
- **Selectboard to make a motion to continue the hearing until such time that we are notified by Department of Revenue that we are certified. *Once Notified by DOR we can then close the hearing.***