



Tax Classification

Fiscal Year 2020

The Focus of the Classification Hearing

- The Selectmen 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 Board of Selectmen whether to establish different rates among the major property classes [Residential, Commercial, Industrial and Personal Property (CIP)].

Setting the “Values”

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

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.
- Next certification year is **FY 2023**.
- Interim year adjustments are based on the market sales analysis during non-certification years.

FY2020 Tax LEVY

- Total Amount to be raised = \$72,256,616
(Voted at Town Meeting / Total Town Budget)
- Total Estimated Receipts = \$24,936,609
(Motor vehicle excise, Fees, Licenses, Permits, etc.)
- **Tax Levy** = **\$47,320,007**
(Raised through Property Taxes)

FY2020 Valuation by Class

<u>PROPERTY CLASS</u>	<u>VALUATION</u>	<u>% OF TOTAL</u>	<u>RES/CIP %</u>
RESIDENTIAL	\$2,471,668,803	85.75	85.75
OPEN SPACE	0	0	
COMMERCIAL	\$285,515,938	09.91	
INDUSTRIAL	\$59,928,278	02.08	14.25
PERSONAL PROPERTY	\$65,047,220	02.25	
TOTAL VALUATION	\$2,882,160,239		
TOTAL RESIDENTIAL	\$2,471,668,803		
TOTAL C/I/P	\$410,491,436		
TOTAL VALUE OF THE TOWN	\$2,882,160,239		

SINGLE TAX RATE CALCULATION

	VALUATION		
<i>RESIDENTIAL</i>	\$2,471,668,803		
<i>C/I/P</i>	\$410,491,436		
<i>TOTAL VALUATION</i>	\$2,882,160,239		
<i>LEVY WITH DEBT EXCLUSIONS</i>	\$47,320,007		
<i>TOTAL VALUATION</i>	\$2,882,160,239		
<i>LEVY WITH DEBT EXCLUSIONS</i>	\$47,320,007		
<i>RESIDENTIAL %</i>	85.75%		
<i>RESIDENTIAL SHARE OF LEVY</i>	\$40,587,241.45		
<i>RESIDENTIAL SHARE/RESIDENTIAL VALUE = TAX RATE</i>	\$40,587,241.45	\$2,471,668,803	\$16.42
			TAX RATE
<i>LEVY WITH DEBT EXCLUSIONS</i>	\$47,320,007		
<i>CIP %</i>	14.25		
<i>CIP SHARE OF LEVY</i>	\$6,744,818.55		
<i>CIP SHARE/CIP VALUE = TAX RATE</i>	\$6,744,818.55	\$410,491,436	\$16.42

\$47,320,007	\$2,882,160,239	\$16.42
TAX LEVY/TOTAL VALUE=TAX RATE		

Tax Rate Shift Options FY 2020

Range 1.03-1.06 highlighted

Share Percentages

Levy Amounts

Estimated Tax Rate

CIP Shift	Res Factor	Res SP	Comm SP	Ind SP	PP SP	Total SP	Res LA	Comm LA	Ind LA	PP LA	Total LA	Res ET	Comm ET	Ind ET	PP ET
1.0000	1.0000	85.7575	9.9063	2.0793	2.2569	100.0000	40,580,455	4,687,662	983,925	1,067,965	47,320,007	16.42	16.42	16.42	16.42
1.0100	0.9983	85.6151	10.0054	2.1001	2.2795	100.0000	40,513,060	4,734,538	993,764	1,078,645	47,320,007	16.39	16.58	16.58	16.58
1.0200	0.9967	85.4727	10.1044	2.1209	2.3020	100.0000	40,445,664	4,781,415	1,003,603	1,089,325	47,320,007	16.36	16.75	16.75	16.75
1.0300	0.9950	85.3302	10.2035	2.1417	2.3246	100.0000	40,378,269	4,828,292	1,013,443	1,100,004	47,320,007	16.34	16.91	16.91	16.91
1.0400	0.9934	85.1878	10.3026	2.1625	2.3472	100.0000	40,310,873	4,875,168	1,023,282	1,110,684	47,320,007	16.31	17.07	17.07	17.07
1.0500	0.9917	85.0454	10.4016	2.1833	2.3697	100.0000	40,243,478	4,922,045	1,033,121	1,121,363	47,320,007	16.28	17.24	17.24	17.24
1.0600	0.9900	84.9030	10.5007	2.2041	2.3923	100.0000	40,176,082	4,968,922	1,042,960	1,132,043	47,320,007	16.25	17.40	17.40	17.40
1.0700	0.9884	84.7605	10.5997	2.2249	2.4149	100.0000	40,108,687	5,015,798	1,052,800	1,142,723	47,320,007	16.23	17.57	17.57	17.57
1.0800	0.9867	84.6181	10.6988	2.2456	2.4375	100.0000	40,041,291	5,062,675	1,062,639	1,153,402	47,320,007	16.20	17.73	17.73	17.73
1.0900	0.9851	84.4757	10.7979	2.2664	2.4600	100.0000	39,973,896	5,109,551	1,072,478	1,164,082	47,320,007	16.17	17.90	17.90	17.90
1.1000	0.9834	84.3333	10.8969	2.2872	2.4826	100.0000	39,906,500	5,156,428	1,082,317	1,174,762	47,320,007	16.15	18.06	18.06	18.06
1.1100	0.9817	84.1908	10.9960	2.3080	2.5052	100.0000	39,839,105	5,203,305	1,092,157	1,185,441	47,320,007	16.12	18.22	18.22	18.22
1.1200	0.9801	84.0484	11.0951	2.3288	2.5277	100.0000	39,771,709	5,250,181	1,101,996	1,196,121	47,320,008	16.09	18.39	18.39	18.39
1.1300	0.9784	83.9060	11.1941	2.3496	2.5503	100.0000	39,704,314	5,297,058	1,111,835	1,206,801	47,320,008	16.06	18.55	18.55	18.55
1.1400	0.9767	83.7636	11.2932	2.3704	2.5729	100.0000	39,636,918	5,343,935	1,121,674	1,217,480	47,320,008	16.04	18.72	18.72	18.72
1.1500	0.9751	83.6211	11.3922	2.3912	2.5954	100.0000	39,569,523	5,390,811	1,131,514	1,228,160	47,320,008	16.01	18.88	18.88	18.88

Levy shift history for the last 10 years

Avg shift **1.03 to 1.05**

Fiscal Year	Single Family Value Total	Single Family Parcels	Average Single Family Value	Tax Rate	Average Tax Bill	\$ change	% change	CIP SHIFT
2011	\$1,710,355,300	4,110	\$416,145	\$14.18	\$5,901	\$154	2.68%	1.03
2012	\$1,717,342,100	4,118	\$417,033	\$15.00	\$6,255	\$355	6.01%	1.04
2013	\$1,744,124,600	4,124	\$422,921	\$15.55	\$6,576	\$321	5.13%	1.05
2014	\$1,713,881,600	4,143	\$413,681	\$16.21	\$6,706	\$129	1.97%	1.05
2015	\$1,812,480,800	4,159	\$435,797	\$16.15	\$7,038	\$332	4.96%	1.05
2016	\$1,875,933,700	4,172	\$449,649	\$16.86	\$7,581	\$543	7.71%	1.05
2017	\$1,975,543,800	4,176	\$473,071	\$16.52	\$7,815	\$234	3.09%	1.04
2018	\$2,059,566,300	4,190	\$491,543	\$16.28	\$8,002	\$187	2.39%	1.04
2019	\$2,144,735,000	4,207	\$509,801	\$16.41	\$8,381	\$379	4.70%	1.05
2020	\$2,254,317,145	4,211	\$535,340	\$16.31	\$8,731	\$350	4.18%	1.04
			\$25,539					

Hanover Average Single Family Home

This tax rate is based on a split rate with a 1.04% shift

Fiscal Year	Single Family Value Total	Single Family Parcels	Average Single Family Value	Tax Rate	Average Tax Bill	\$ change	% change
2009	\$1,825,216,500	4,075	\$447,906	\$11.76	\$5,267		
2010	\$1,752,721,300	4,090	\$428,538	\$13.41	\$5,747	\$479	9%
2011	\$1,710,355,300	4,110	\$416,145	\$14.18	\$5,901	\$154	3%
2012	\$1,717,342,100	4,118	\$417,033	\$15.00	\$6,255	\$355	6%
2013	\$1,744,124,600	4,124	\$422,921	\$15.55	\$6,576	\$321	5%
2014	\$1,713,881,600	4,143	\$413,681	\$16.21	\$6,706	\$129	2%
2015	\$1,812,480,800	4,159	\$435,797	\$16.15	\$7,038	\$332	5%
2016	\$1,875,933,700	4,172	\$449,649	\$16.86	\$7,581	\$543	8%
2017	\$1,975,543,800	4,176	\$473,071	\$16.52	\$7,815	\$234	3%
2018	\$2,059,566,300	4,190	\$491,543	\$16.28	\$8,002	\$187	2%
2019	\$2,144,735,000	4,207	\$509,801	\$16.41	\$8,366	\$364	5%
2020	\$2,254,317,145	4,211	\$535,340	\$16.31	\$8,731	\$365	4%

If you split the tax rate and choose

SPLIT RATE	TAX RATE	AVG SFH /\$1000	TAX BILL based on Avg SFH	DIFFERENCE/ SAVINGS TO RES		COMM TAX RATE	AVG COMM /\$1000	TAX BILL based on Avg Comm Val	DIFFERENCE / ADDITIONAL COST TO COMM
No Split	\$16.42	\$535.34	\$8,790			\$16.42	\$1,022.63	\$16,791	
1.03	\$16.34	\$535.34	\$8,747	\$43		\$16.91	\$1,022.63	\$17,292	-\$501
1.04	\$16.31	\$535.34	\$8,731	\$59		\$17.07	\$1,022.63	\$17,456	-\$665
1.05	\$16.28	\$535.34	\$8,715	\$75		\$17.24	\$1,022.63	\$17,630	-\$839
1.06	\$16.25	\$535.34	\$8,699	\$91		\$17.40	\$1,022.63	\$17,793	-\$1002
NORWELL FY 19 TAX RATE \$16.40 /1000 SINGLE TAX RATE (15% CIP)						FY 20 NOT SET			
PEMBROKE FY 20 TAX RATE \$14.49/1000 SINGLE TAX RATE (12.5% CIP)									
HANSON FY 19 TAX RATE \$15.53/1000 SINGLE TAX RATE (7.7% CIP)						FY 20 NOT SET			

OPEN SPACE – We have never used open space as a class in Hanover- It's Generally only used in the Western Part of the state.

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.
- Like most communities, Hanover does not have an open space classification.
- **Only 22 communities classify open space** with the closest being Norfolk.
- **Other options available Chapter 61, 61A and 61B which is the option we use in Hanover providing the land meets the requirements > 5 ac.**

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 10 communities statewide have adopted the Small Commercial Exemption.**

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 13 communities in Massachusetts that have adopted this exemption.**

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

- A RESIDENTIAL FACTOR OF .9934 BE ADOPTED FOR FY 2020 (1.04 shift)
- “NO” ON OPEN SPACE DISCOUNT
- “NO” ON SMALL COMMERCIAL EXEMPTION
- “NO” ON RESIDENTIAL EXEMPTION