



LUNENBURG BOARD OF ASSESSORS

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Christine Cosgrove Higdon, Member

Kevin Fish, Member

Christopher Carroll, Principal Assessor

Sheila Craigen, Administrative Assessing Assistant

FY2023

TAX CLASSIFICATION HEARING

November 7, 2023

7:15pm

INTRODUCTION

Annual Classification Hearing

The Select Board must hold a public hearing to consider the available tax rate options under property tax classification. The hearing is held after the assessors have determined final values, classified all properties and reported this information to Department of Revenue.

Single or Split Tax Rate

Municipalities must decide whether (1) to tax all classes of property at their full and fair cash valuation share of the tax levy, which results in a single tax rate, or (2) to reduce the share of the tax levy paid by the residential and shift those taxes to commercial, industrial and personal property taxpayers, which results in a split tax rate. Either way, the total tax Levy remains the same.

Levy Allocation

The Select Board must decide the percentages of the tax levy that each class of real property and personal property will bear. To do so, a residential factor is adopted. The residential factor governs the percentage of the tax levy to be paid by Class One, Residential properties. The difference is shifted to Class Three-- Commercial, Class Four—Industrial and Personal Property (or “CIP”).

The adopted factor cannot be less than the minimum residential factor (MRF) calculated by DOR. The MRF represents the maximum shift allowed in the tax levy for the year and establishes the parameters for local decision-making.

Single Tax Rate

A residential factor of "1" results in the taxation of all property at the same rate. Each property class pays its full and fair cash valuation share of the tax levy (ex: if the value of all residential properties make up 80% of the total assessed valuation, residential taxpayers will pay 80% of the tax levy).

Split Tax Rate

A residential factor of less than “1” reduces the share of the tax levy paid by the residential class and increases the share paid by the CIP classes. The result is two tax rates: one for residential properties and a second, higher rate for CIP properties. A factor greater than “1” may be adopted, which would have the opposite effect. The maximum shift in the tax levy allowed for the year is determined as follows:

Basic Minimum Residential Factor Parameters

CIP taxpayers **cannot pay more than 150%** of their full and fair cash value share of the tax levy.

Residential taxpayers **must pay at least 65%** of their full and fair cash value share of the levy.

CLASS	Valuation by Class	Residential Factor of 1	Shift of Levy Minimum Residential Factor
Residential	1,957,462,820	92.7077%	89.0616%
CIP	153,972,120	7.2923%	10.9384%
TOTAL	2,111,434,940	100%	100%

Max share of Levy for **Classes Three, Four and Personal Prop**: $150\% \text{ (or } 1.5) \times 7.29 \text{ (CIP \%)} = \mathbf{10.9384\%}$ (Max % Share)

Minimum Share of Levy for **Classes One**: $100\% - 10.9384\% = \mathbf{89.0616\%}$ (Min % Share)

(Chapter 58, Section 1A mandates a minimum residential factor not less than 65 percent)

Minimum Residential Factor (**MRF**): $89.0616\% \text{ (Min \% Share)} \div 92.7077\% \text{ (Res \%)} = \mathbf{96.0675\%}$

MINIMUM RESIDENTIAL FACTOR: 96.0675%

Tax Shift						
CLASS	Valuation by Class	Levy %	Levy by Class	% Shift	Levy w/Shift	Tax Rate w/shift
Residential	1,957,462,820	92.7077%	28,618,106	89.0616%	27,492,570	14.05
CIP	153,972,120	7.2923%	2,251,072	10.9384%	3,376,609	21.93
	2,111,434,940	100%	30,869,179	100%	30,869,179	

Historically Lunenburg has maintained a single tax rate. Shifting the tax onto the C/I/P Properties with a split rate would create a greater tax burden for those properties while the Residential properties would only benefit from a small savings. (If the maximum CIP % was used, residential bills would see approximately 3.9% in savings, while that shift would increase CIP tax bills by 50%)

FY2022 Levy Limit:

FY2022 Levy Limit	\$27,131,063
Amended FY2022 Growth	\$ 0
Add 2.5%	\$ 678,277
Add New Growth	<u>\$ 234,383</u>
Levy Limit	\$28,043,723

FY2023 Maximum Allowable Levy:

FY2023 Levy Limit	\$28,043,723
Debt Exclusions	<u>\$ 2,831,933</u>
Maximum Allowable Levy	\$30,875,656

Tax Rate Summary:

Appropriations (pending STM)	\$ 46,972,416.32
Amount certified for Tax Title purposes	\$ 29,000.00
Cherry Sheet Offsets*	\$ 139,987.00
Worcester Reg. Retirement	\$ 1,689,147.00
State and Cherry Sheet Charges**	\$ 1,182,260.00
Allowances for Abatements and Exemption	<u>\$ 116,041.33</u>
Total amount to be raised	\$ 50,128,851.65

To calculate a proposed tax rate:

Total amount to be raised	\$ 50,128,851.65
Less total estimated receipts and other revenue sources*	<u>\$ 19,259,672.83</u>
Tax Levy estimate	\$ 30,869,178.82

** Cherry Sheet Offsets and Receipts amounts based FY2022 as the State has not passed a budget yet.*

*** Cherry Sheet Charges based on Governor's revised budget proposal.*

Distribution of Tax Rates and Levies

CLASS	Levy % (b)	Tax Levy x Levy % (c)	Valuation by Class (d)	Proposed Tax Rate*	Levy by Class
Residential	92.7077%	28,618,105.69	\$1,957,462,820	14.62*	28,618,106.43
Commercial	3.5517%	1,096,380.62	\$74,992,410	14.62	1,096,389.03
Industrial	1.1285%	348,358.68	\$23,827,600	14.62	348,350.74
Personal Property	2.6121%	806,333.82	\$55,152,710	14.62	806,332.62
Totals	100%	30,869,178.81	\$2,111,434,940	14.62	30,869,178.82

*Subject to DOR approval

Excess Levy Capacity

Maximum Allowable Levy	\$ 30,875,656
Estimated Tax Levy	\$ <u>30,869,176.82</u>
Excess Levy Capacity	\$ 6,477.18

EXCESS LEVY CAPACITY	
2014	\$4,744.40
2015	\$201,190.87
2016	\$9,786.23
2017	\$1,240.11
2018	\$9.28.99
2019	\$53,705.72
2020	\$3.12
2021	\$4,112.57
2022	\$6,488.03
2023	\$6,477.18

FY23 and FY22 Assessed Value Comparison

	FY23	FY22	Increase	% Increase
Residential	\$1,957,462,820	\$1,587,173,648	\$370,289,172	23.33%
Commercial	\$74,992,410	\$75,178,002	-\$185,592	-0.2%
Industrial	\$23,827,000	\$24,608,600	-\$599,900	-2.38%
Personal Property	\$55,152,710	\$55,708,580	-\$555,870	-1.00%
Totals	\$2,111,434,940	\$1,742,668,830	\$368,766,110	21.16%

5 Year New Growth Comparison

FY 2023	234,383
FY 2022	430,254
FY 2021	308,732
FY 2020	366,231
FY 2019	472,536
FY 2018	481,496

FY 2023 RE and PP Values by Class

	Property Type	Parcel Count	Class1 Residential	Class2 Open Space	Class3 Commercial	Class4 Industrial	Class5 Pers Prop	
Single Condo	101	3,593	1,689,301,700					
	102	436	111,338,400					
	MISC 103,109	39	22,962,700					
2 unit	104	84	37,429,800					
	105	3	1,291,900					
3 unit	111-125	11	33,987,100					
	130-32,106	630	33,508,000					
Multi Land	200-231	0		0				
	300-393	129			67,221,900			
	400-442	30				21,865,100		
	450-452	2				1,228,100		
	CH 61 LAND	12	9	0	83,310			
	CH 61A LAND	14	23	0	638,370			
	CH 61B LAND	14	20	0	1,356,200			
	012-043	29	27,643,220	0	5,692,630	733,800		
	501	130					2,824,670	
	502	101					8,352,540	
Mixed	503	0					0	
	504	5					28,949,860	
	505	1					2,703,300	
	506	1					4,595,000	
	508	4					698,530	
	550-552	3					7,028,810	
	TOTALS	5,323	1,957,462,820	0	74,992,410	23,827,000	55,152,710	
	Real and Personal Property Total Value							2,111,434,940
	Exempt Parcel Count & Value						162	97,920,600

Average Single Family Home

Fiscal Year	Tax Rate	AVG SFH Assessment	AVG SFH Tax Bill
2019	18.68	308,900.00	5,770.25
2020	18.12	332,400.00	6,023.09
2021	17.74	351,400.00	6,233.84
2022	17.19	374,400.00	6,435.94
2023	14.62*	470,164.00	6,873.80

The average single family home value has increased \$161,200.00 or about 52% over the past 5 years.

The average single family home tax bill has increased \$1103.55 or about 19.12 % over the past 5 years.

Recommended motion:

The Select Board should vote in accordance with M.G.L., Ch. 40, § 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2023 tax rate and set the Residential Factor at 1.0, with a corresponding CIP shift of 1.0, pending approval of the town's annual tax recap by the Massachusetts Department of Revenue