



Fiscal Year 2020  
**Tax Classification Hearing**  
November 13, 2019

**Ashby Board of Assessors**  
Charles Perna, Chairman  
Kevin Sierra, Member  
Jeffery Childs, Member  
Lois Raymond, Administrative Assistant  
Harald M. Scheid, Regional Tax Assessor  
Joshua Gendron, Regional Associate Tax Assessor

**Introduction**

Prior to the mailing of 3<sup>rd</sup> quarter tax billings, the Board of Selectmen hold a public hearing to determine the percentage of the Town's property tax levy to be borne by each major

property class. This responsibility and procedure are described in Chapter 40, Section 56 of the Massachusetts General Laws.

The steps in completing the Classification Hearing are outlined below. Also provided is information about the levy, property assessments, and recommendations made by the Board of Assessors.

## **Steps in Setting Tax Rates**

### **Pre-classification Hearing Steps**

Step 1: Determination of the property tax levy (Budget Process)

Step 2: Determine assessed valuations (Assessors)

Step 3: Tabulate assessed valuations by class (Assessors)

### **Classification Hearing Steps**

Step 4: Classification hearing presentation (Assessors & Selectmen)

Step 5: Determine tax shift options (Board of Selectmen)

Step 6: Voting a tax shift factor (Board of Selectmen)

### **Post Classification Hearing Steps**

Step 7: Sign the LA-5 Classification Form (Board of Selectmen)

Step 8: Send annual recap to DOR for tax rate approval (Assessors)

Step 9: Obtain DOR approval of tax rates (DOR)

## **Terminology**

The following are definitions of the terms frequently used in the discussion of tax rates.

**Levy:** The tax levy (or levy) is the amount of property taxes to be raised. The levy amount is determined by the budget. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised from property taxation.

**Levy Ceiling:** The levy ceiling is 2 ½ percent of the full value of the Town. Based on the Ashby aggregate valuation of \$348,651,237, the town cannot levy taxes in excess of \$8,716,281.

**New Growth Revenue:** Property taxes derived from newly taxable properties like new construction, additions, renovations, subdivisions, and personal property. The Assessors have tabulated new growth revenues of \$74,245.

**Levy Limit:** Also referred to as the “maximum allowable levy”, this is calculated by adding 2 ½ percent of the previous year’s levy limit plus new growth revenue for the present fiscal year to last year’s levy limit. Exceeding the levy limit requires an override of Proposition 2 ½. For Fiscal Year 2020, there are no overrides of Proposition 2 ½. For Fiscal Year 2020 the levy limit is \$6,567,618.

**Excess Levy Capacity:** Excess levy capacity is the difference between the actual levy and the levy limit.

## The Fiscal Year 2020 Levy Limit and Amount to be Raised

The following is a calculation of Ashby’s levy limit for fiscal year 2020.

Fiscal Year 2019 Levy Limit	5,985,962
Levy Increase Allowed Under Prop. 2 ½	149,649
New Growth Revenue	74,245
Fiscal Year 2020 Overrides	0
Excluded Debt To Pay Bonds	357,762
Capital Expenditure Exclusions	0
Fiscal Year 2020 Levy Limit	6,567,618
Levy Ceiling	8,716,281
<b>Levy To Be Raised</b>	<b>6,565,103</b>
Excess Levy Capacity	2,515

## Valuations by Class Before Tax Shift

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res Vs. CIP%</u>
Residential	325,676,363	93.4104%	93.4104%
Commercial	11,192,436	3.2102%	
Industrial	790,400	0.2267%	6.5896%
Personal Property	10,992,038	3.1527%	
TOTAL	348,651,237	100%	100%

## Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Given Ashby has a relatively small commercial, industrial, and personal property tax base, it takes a CIP tax rate increase of approximately 15% to yield a 1% residential tax rate reduction.

## Board of Assessors Recommendation

The Board of Assessors recommends that the Board of Selectmen adopt a single tax rate to be applied to all classes of property in Ashby.

## Tax Rates

Based on the above shift factors, the Board of Assessors has calculated the following tax rates needed to raise the tax levy:

<u>Property Class</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Personal Property</u>
FY 2020	18.83	18.83	18.83	18.83
FY 2019	21.93	21.93	21.93	21.93

Note that the FY2020 rate is an estimate only and may change upon Department of Revenue review.

## Tax Impacts

Actual property tax impacts will vary from property to property.

Valuations for the all property classes including single family homes, multi-family dwellings, and commercial properties will generally increase for fiscal year 2020, reflecting an improving real estate market. A number of properties will realize corrective adjustments, or value increases related to additions and renovations.

### Examples of Typical Residential Tax Changes

Residential Class	Average FY19 Value	Avg. Tax	Average FY20 Value	Avg. Tax	Change
Single Family Homes	\$244,786	\$5,368	\$259,203	\$4,881	-\$487

### **Voting a Tax Shift Factor (proposed motion)**

The Ashby Board of Selectmen votes in accordance with M.G.L., Ch. 40, Sec. 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 2020 tax rates 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.

### **Summary of Assessments (LA4)**

<b>Class</b>	<b>Count</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Personal Property</b>
101 Single Family	1,094	283,568,100	0	0	0
102 Condominiums	0	0	0	0	0
103,109 Misc. Res.	11	1,472,000	0	0	0
104 Two Family	14	3,376,600	0	0	0
105 Three Family	2	744,400	0	0	0
111-125 Apartments	1	236,500	0	0	0
130's +106 Vacant Land	329	14,657,700	0	0	0
012-043 Mixed Use	15	21,621,063	3,835,824	0	0
300-393 Commercial	19	0	5,843,900	0	0
400-452 Industrial	5	0	0	790,400	0
500-508 Personal Prop.	83	0	0	0	10,992,038
600's Forestry	47	0	150,989	0	0
700's Agricultural	51	0	309,743	0	0
800's Recreation	36	0	1,051,980	0	0
<b>Total By Class</b>	<b>1,707</b>	<b>325,676,363</b>	<b>11,192,436</b>	<b>790,400</b>	<b>10,992,038</b>
<b>Total Taxable Properties</b>					<b>348,651,237</b>
<b>Total Tax Exempt Properties (128)</b>					<b>21,704,400</b>