



# TAX CLASSIFICATION

**Fiscal Year 2024**

**Presented by:**

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**Chief Assessor**

# PURPOSE OF THE CLASSIFICATION HEARING

- The Select Board must hold a Classification 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 to consider whether to continue with a single tax rate or go to a split tax rate, and whether or not to consider accepting any of the three state allowed exemptions.

# SETTING THE “VALUES”

- The assessed residential value is based on a comparable sales market analysis of the prior years sales.
- The assessed commercial value is based on income and expense as well as the comparable sales analysis and a cost analysis.
- The Department of Revenue approves the adjusted values proposed by the Assessor’s Office annually.

# SETTING THE “RATE”

- Massachusetts statute requires Assessor's to assess all property at its “full and fair cash value” as of January 1st of each year.
- Interim year adjustments are adjustments from the market sales analysis during non-certification years.
- Full property revaluation also known as “Certification” is required and completed every 5 years.
- The Town of Norfolk is currently in an interim year, the next Certification is 2026.

# THE TAX RATE IS DERIVED FROM:

- Total taxable real estate and personal property
- Town meeting appropriations
- State Aid
- Town revenues
- Town expenditures
- New Growth
- Debt Exclusion and overrides

# WHAT IS NEW GROWTH?

New Growth is the increase in property values due to:

- New construction
- Additions to properties
- Subdivisions
- New condominiums
- The return of exempt properties to the tax rolls

New Growth is added to the levy limit and increases the Town's taxing capacity.

# HISTORY OF GROWTH

<b>YEAR</b>	<b>TAX RATE</b>	<b>GROWTH</b>
2024	15.57	703,257
2023	16.41	961,834
2022	18.20	729,156
2021	17.99	728,758
2020	18.64	569,520
2019	18.29	672,509
2018	18.62	510,729
2017	18.22	572,686
2016	18.08	690,537

# TOTAL TOWN VALUE

<b>YEAR</b>	<b>TOTAL VALUE</b>	<b>% CHANGE</b>
2024	2,624,410,515	10.9%
2023	2,366,260,788	16.1%
2022	2,038,053,400	2.97%
2021	1,979,279,028	7.03%
2020	1,849,352,415	3.09%
2019	1,793,851,215	7.71%
2018	1,665,413,394	1.58%
2017	1,639,523,939	3.05%
2016	1,590,992,453	3.45%



# FY 2024 “TAX LEVY”

Total amount to be raised = \$56,329,052

*(based upon vote at Town Meeting / Total Town Budget)*

Estimated Local Receipts = \$15,466,980

*(excise tax, fees, licenses, permits, state reimbursements, etc.)*

Tax Levy = \$40,862,071

*(amount needed to be raised in property taxes)*

# FY2024 VALUATION BY CLASS

<u>PROPERTY CLASS</u>	<u>VALUATION</u>	<u>% OF TOTAL</u>	<u>RES/CIP %</u>
RESIDENTIAL	\$2,443,513,477	93.1071%	93.1395%
OPEN SPACE	\$851,000	0.0324%	
COMMERCIAL	\$98,648,668	3.7589%	6.8605%
INDUSTRIAL	\$24,318,900	0.9267%	
PERSONAL PROPERTY	\$57,078,470	2.1749%	
<b>TOTAL VALUATION</b>	<b>\$2,624,410,515</b>	<b>100%</b>	<b>100.0%</b>
TOTAL RESIDENTIAL	\$2,443,513,477	93.1071%	RESIDENTIAL
TOTAL C/I/P	\$180,897,038	6.8929%	COMM/INDUSTRIAL PERSONAL
<b>TOTAL VALUE OF THE TOWN</b>	<b>\$2,624,410,515</b>	<b>100%</b>	

# IMPACT OF RATE SPLITTING

<b>Classes</b>	<b>Average Assessed FY 2024 Value</b>	<b>Taxes @ 1.00% Res=\$15.57 CIP=\$15.57</b>	<b>Taxes @ 1.10% Res=\$15.46 CIP=\$17.13</b>	<b>Taxes @ 1.30% Res=\$15.23 CIP=\$20.24</b>	<b>Taxes @ 1.50% Res=\$15.00 CIP=\$23.36</b>
RESIDENTIAL	\$687,692	\$10,707	\$10,632	\$10,474	\$10,315
COMMERCIAL	\$1,053,534	\$16,540	\$18,047	\$21,324	\$24,611
INDUSTRIAL	\$450,350	\$7,012	\$7,714	\$9,115	\$10,201

# SAVINGS OR COST IMPACT OF SPLITTING THE RATE

<b>Property type</b>	<b>Savings or increase with factor 1.10%</b>	<b>Savings or increase with factor 1.30%</b>	<b>Savings or increase with factor 1.50%</b>
Residential	\$75.00	\$233.00	\$392.00
Commercial	<b>\$1,507.00</b>	<b>\$4,784.00</b>	<b>\$8,071.00</b>
Industrial	<b>\$702.00</b>	<b>\$2,103.00</b>	<b>\$3,189.00</b>

# OPEN SPACE EXEMPTION

- The Open Space Discount is a process which allows cities and towns to grant a tax break to those properties that are classified as “open space”. The issue with this is the tax burden then gets shifted to the rest of the residential properties through out town. This exemption should not be confused with the open space Chapterland program.
- The Board of Assessors has consistently encouraged classification under a Chapterland program. There are currently 29 properties enrolled in one of the three Chapterland programs. In addition to tax payers getting a tax break on their excess land the Town reserves the (ROFR) right of first refusal to purchase any of these properties at the time of a sale.

# SMALL COMMERCIAL EXEMPTION

Who's Eligible and what criteria is required?

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

The Intent is to give:

- A tax reduction to small commercial property owners at the expense of larger commercial/Industrial properties
- Up to 10% of Commercial Levy can be shifted from the eligible parcels to the non-eligible parcels

Things to Consider:

- If the business doesn't own the building, the tax benefit goes to the property owner and not the small business owner
- Difficult to track
- There are currently only 14 out of 351 communities statewide that have adopted the Small Commercial Exemption

# RESIDENTIAL EXEMPTION

- A Residential Exemption can shift the tax burden within the Residential class from lower priced homes to the owners of non-owner occupied second homes. The Town of Norfolk is mainly owner occupied community. Therefore this exemption is not a good candidate.
- The towns or cities that have adopted this exemption are either urban or vacation areas.
- There are currently only 15 out of 351 communities that have adopted this exemption.

# TAX RATE CALCULATION

$$\begin{array}{r} \text{ACTUAL} \\ \text{LEVY} \end{array} \div \begin{array}{r} \text{TOTAL} \\ \text{ASSESSED} \\ \text{VALUE} \end{array} \times 1,000$$

$$\$40,862,071 \div \$2,624,410,515 \times 1,000 =$$
$$\$15.57$$

*THE FINAL STEP TO  
SET THE TAX RATE*



# BOARD OF ASSESSORS MAKE A RECOMMENDATION

The Board of Assessors recommends that the

Select Board:

1. Vote to adopt a Single Tax Rate
2. Vote not to adopt the Open Space Exemption
3. Vote not to adopt the Residential Exemption
4. Vote not to adopt the Small Commercial Exemption