

FY2023 TAX RATE CLASSIFICATION HEARING

NOVEMBER 15, 2022



What is the Tax Rate Classification Hearing?

The purpose of the public classification hearing is for the Select Board to determine the allocation of the local property tax to be borne by the four classes of real property plus personal property for Fiscal Year 2023.

In deciding the allocation, the Board must adopt a residential factor which is used to determine the percentage of the tax levy to apply to each class of real and personal property. The Board of Assessors applies these percentages to the individual property classes (M.G.L. Chapter 40, Section 56).

What is the Tax Rate Classification Hearing?

The Board must also vote to adopt a factor for shifting the taxes between:

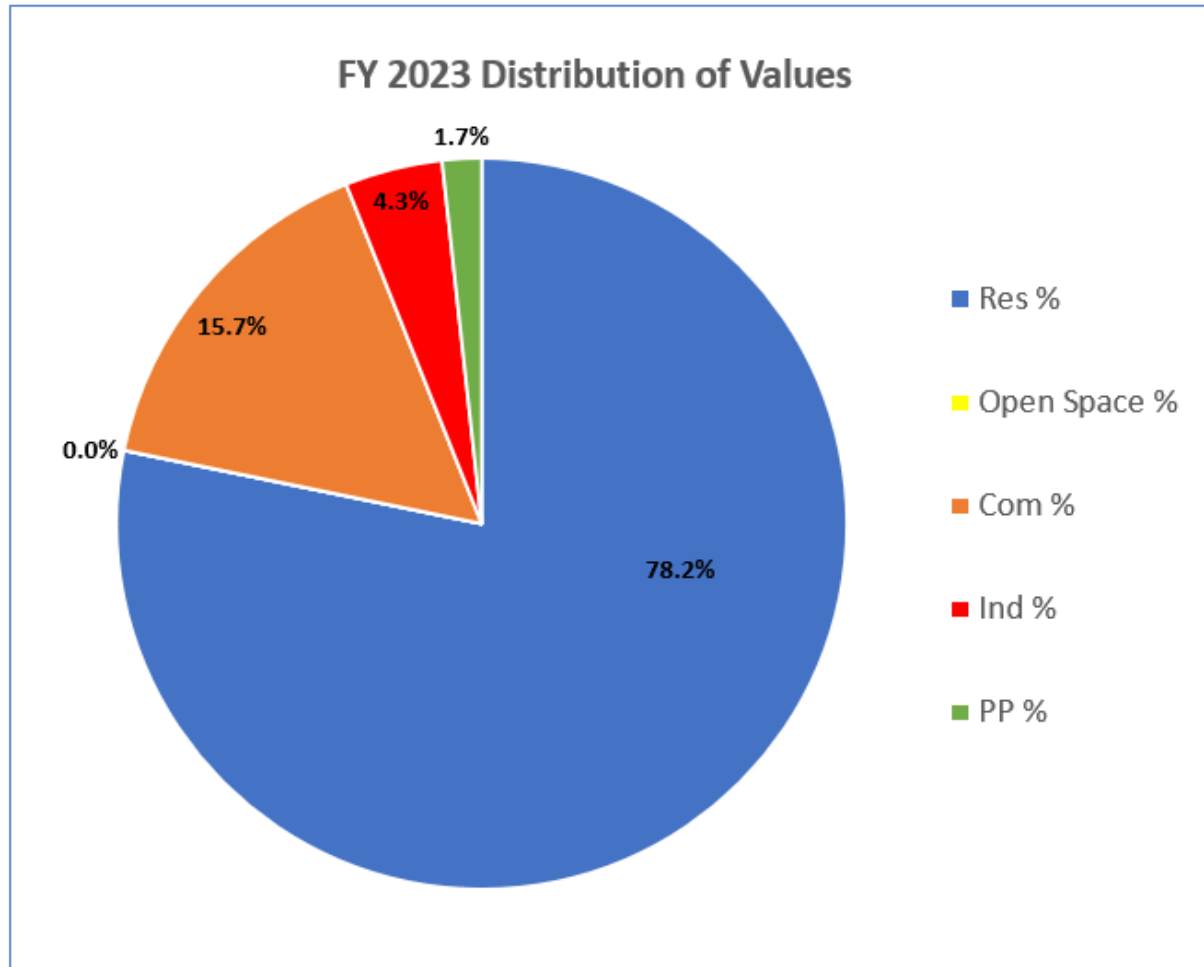
- residential and open space properties (Open Space Discount)
- among residential properties (Residential Exemption)
- and among commercial properties (Small Commercial Exemption).

Historically the Select Board has never voted to accept these shifts for reasons which will be explained later in the presentation.

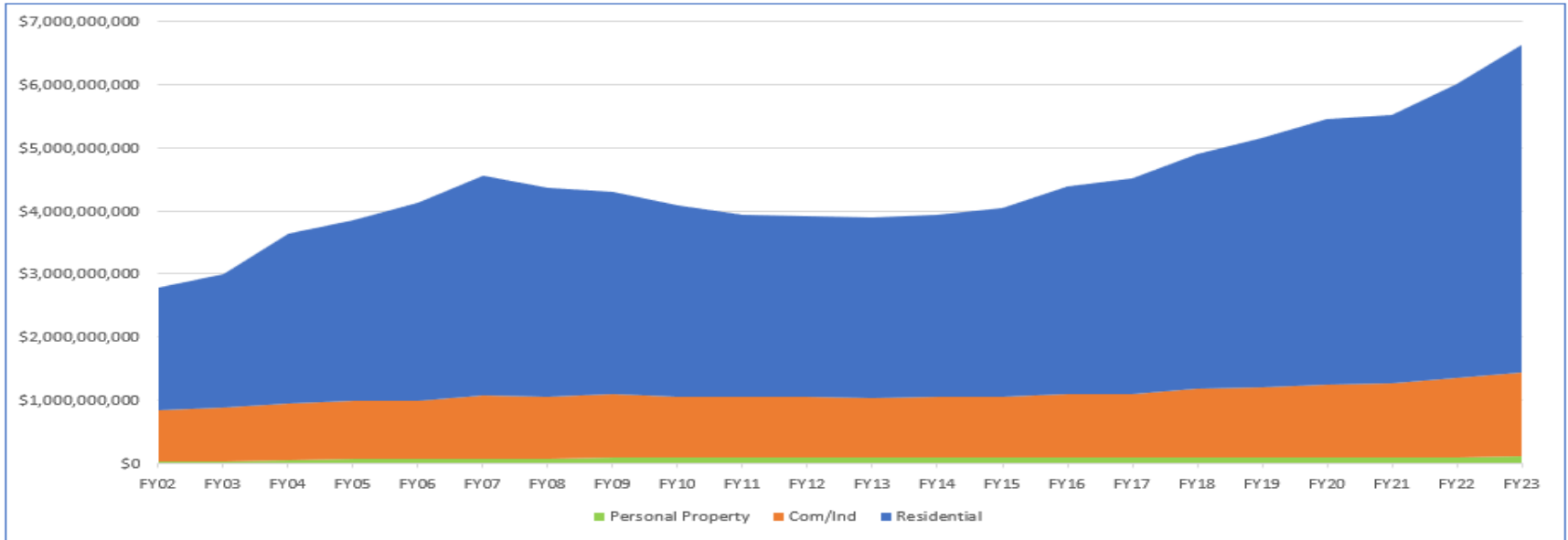
Required Action by Board

1. Selection of a Minimum Residential Factor.
2. Selection of an Open Space Discount.
3. Granting of a Residential Exemption.
4. Granting of a Small Commercial Exemption.
5. Vote to grant authority to Board of Assessors Chair to sign on behalf of the Select Board on the DOR Gateway.

FY2023 Distribution of Values

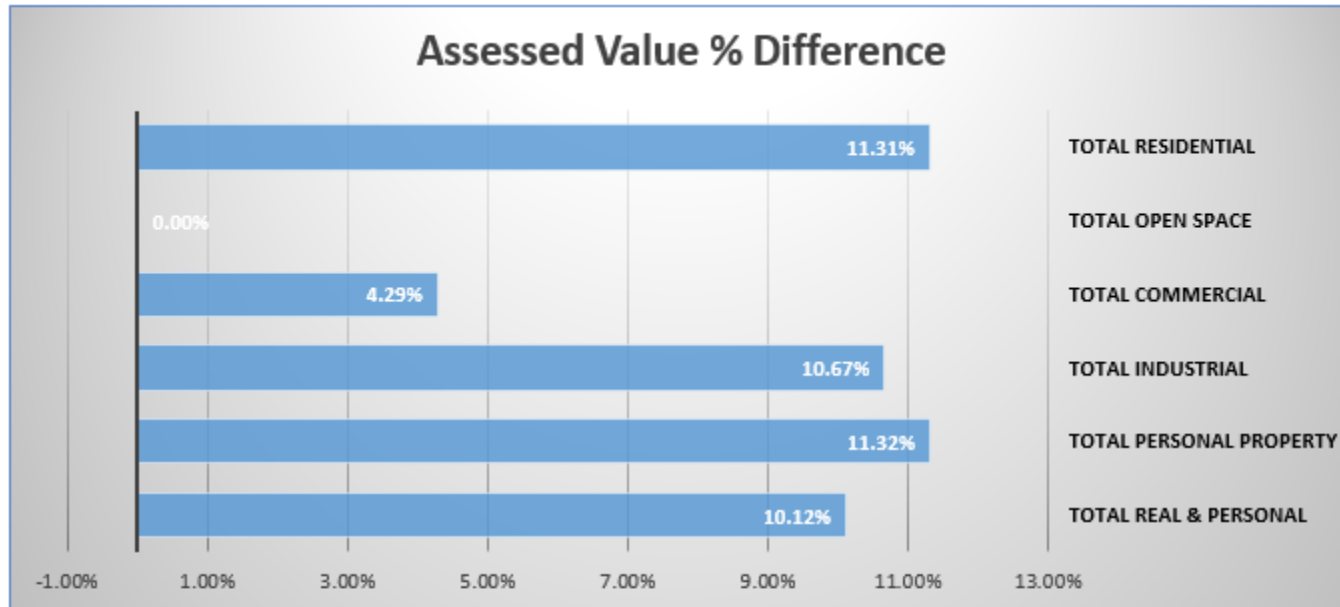


Historical Distribution of Values



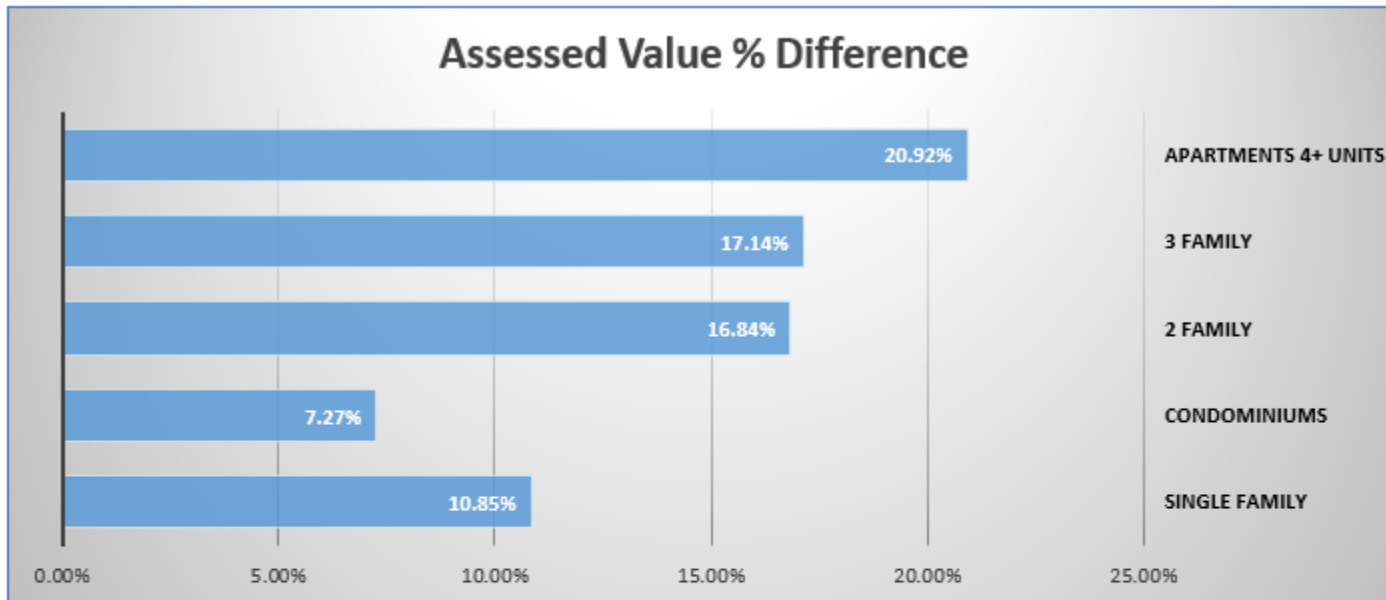
Fiscal Year	Residential	Com/Ind	Personal Property	Residential %	CIP %
FY02	\$1,942,379,010	\$801,874,501	\$40,727,360	69.7%	30.3%
FY13	\$2,858,553,560	\$947,828,180	\$88,425,460	73.4%	26.6%
FY14	\$2,887,313,241	\$957,855,333	\$89,041,993	73.4%	26.6%
FY15	\$3,002,828,568	\$966,556,272	\$87,495,142	74.0%	26.0%
FY16	\$3,286,484,018	\$1,010,535,159	\$94,681,236	74.8%	25.2%
FY17	\$3,424,189,783	\$1,007,471,808	\$94,909,073	75.6%	24.4%
FY18	\$3,732,846,022	\$1,081,638,691	\$91,512,405	76.1%	23.9%
FY19	\$3,953,500,016	\$1,110,259,351	\$100,308,352	76.6%	23.4%
FY20	\$4,201,007,040	\$1,156,895,394	\$100,859,239	77.0%	23.0%
FY21	\$4,254,505,204	\$1,166,044,972	\$103,778,168	77.0%	23.0%
FY22	\$4,656,542,979	\$1,257,773,325	\$103,356,339	77.4%	22.6%
FY23	\$5,183,253,087	\$1,328,219,534	\$115,054,677	78.2%	21.8%

FY2023 Valuation Changes



Description	FY22 Parcel Count	FY23 Parcel Count	Parcel Count Difference	FY22 Assessed Value	FY23 Assessed Value	Assessed Value Difference	Assessed Value % Difference
Total Residential	8,767	8,781	14	\$4,656,542,979	\$5,183,253,087	\$526,710,108	11.31%
Total Open Space	0	0	0	0	0	0	0.00%
Total Commercial	553	549	-4	\$999,205,825	\$1,042,064,284	\$42,858,459	4.29%
Total Industrial	146	146	0	\$258,567,500	\$286,155,250	\$27,587,750	10.67%
Total Personal Property	1,195	1,127	-68	\$103,356,339	\$115,054,677	\$11,698,338	11.32%
Total Real & Personal	10,661	10,603	-58	\$6,017,672,643	\$6,626,527,298	\$608,854,655	10.12%

FY2023 Valuation Changes (Residential)



Description	FY22 Parcel Count	FY23 Parcel Count	Parcel Count Difference	FY22 Assessed Value	FY23 Assessed Value	Assessed Value Difference	Assessed Value % Difference
Single Family	6166	6179	13	\$3,376,711,600	\$3,742,953,800	\$366,242,200	10.85%
Condominiums	1688	1693	5	\$598,459,600	\$641,973,400	\$43,513,800	7.27%
2 Family	438	441	3	\$244,594,100	\$285,776,900	\$41,182,800	16.84%
3 Family	87	86	-1	\$53,642,900	\$62,836,300	-\$9,193,400	17.14%
Apartments 4+ Units	90	90	0	\$300,528,300	\$363,409,700	\$62,881,400	20.92%

FY2023 Levy Comparison

Levy Comparisons

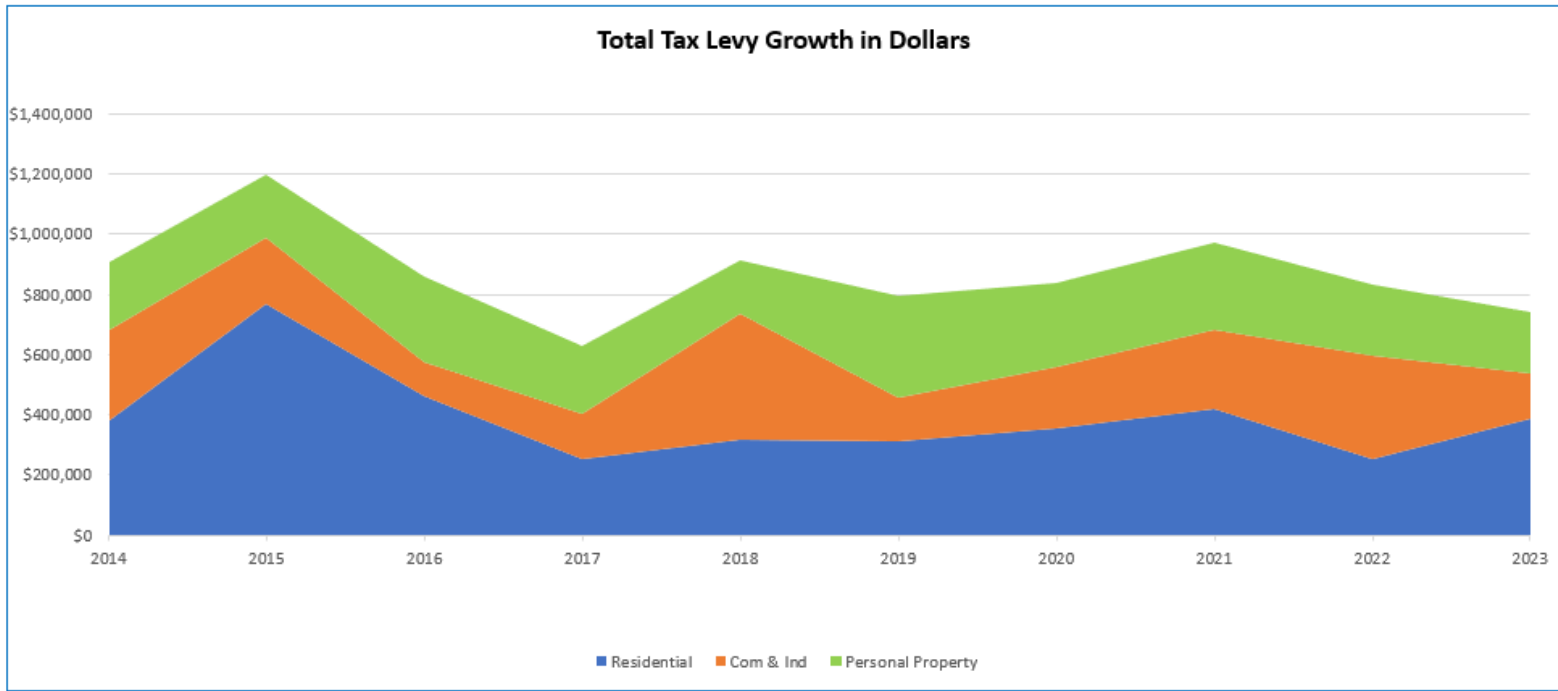
	FY2022	
Prior Year Levy Limit	\$ 83,988,511	
2.5% of Prior Year Levy Limit	\$ 2,099,713	
New Growth	\$ 833,171	
Amended Growth		
Levy Limit		\$ 86,921,395
Debt Exclusion	\$ -	
Max Allowable Levy (Limit)		\$ 86,921,395
Actual Levy		\$ 86,895,192
"Excess" Levy Capacity		\$ 26,203

	FY2023	
	\$ 86,921,395	
	\$ 2,171,912	
	\$ 741,272	
	\$ (44,973)	
		\$ 89,789,606
	\$ -	
Max Levy		\$ 89,789,606
Actual Levy		\$ 89,744,429
		\$ 45,177

Increase in Max Allowable Levy \$ 2,868,211 3.30%

Increase in Actual Levy \$ 2,849,237 3.28%

New Growth



Tax Levy Growth In Value

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	\$26,154,921	\$51,861,715	\$31,130,384	\$17,717,200	\$22,440,700	\$23,035,200	\$26,807,500	\$32,084,916	\$18,857,250	\$30,659,363
Com & Ind	\$14,998,084	\$10,388,946	\$5,181,350	\$6,995,000	\$19,222,400	\$6,753,200	\$9,518,200	\$12,693,583	\$16,154,950	\$7,169,436
Personal Property	\$11,008,215	\$10,045,843	\$13,268,831	\$10,687,847	\$8,006,313	\$16,083,647	\$13,326,494	\$13,816,280	\$11,039,974	\$10,022,623
Total	\$52,161,220	\$72,296,504	\$49,580,565	\$35,400,047	\$49,669,413	\$45,872,047	\$49,652,194	\$58,594,779	\$46,052,174	\$47,851,422

Tax Levy Growth in Dollars

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	\$380,293	\$770,146	\$464,154	\$251,584	\$318,434	\$311,897	\$356,004	\$419,029	\$251,744	\$388,148
Com & Ind	\$303,411	\$217,129	\$110,985	\$149,483	\$419,625	\$142,830	\$201,691	\$263,646	\$345,393	\$147,260
Personal Property	\$222,696	\$209,958	\$284,218	\$228,399	\$174,778	\$340,169	\$282,388	\$286,964	\$236,035	\$205,865
Total	\$906,400	\$1,197,234	\$859,357	\$629,467	\$912,836	\$794,896	\$840,083	\$969,639	\$833,172	\$741,272

Growth represents the Gross, for FY23 \$44,973 was returned due to FY22 Abatements (FY23 Net Growth \$696,299)

Selection of a Minimum Residential Factor

The residential factor adopted by a community governs the percentage of the tax levy that is to be paid by the residential property owners. A residential factor of “1” will result in the taxation of all property at the same rate, the Uniform Tax Rate.

Massachusetts General Law permits the town to adopt a residential factor of less than 1, which would have the effect of increasing the commercial, industrial, and personal property tax rates and decreasing the residential tax rate.



Status: FORM APPROVED
 BLA-LA13A : FORM APPROVED

DANVERS - 071 2023

Jurisdiction Danvers - 071 Fiscal Year 2023 Go

Property Type	Parcel Count	Class1 Residential	Class2 Open Space	Class3 Commercial	Class4 Industrial	Class5 Pers Prop
101	6,179	3,742,953,800				
102	1,693	641,973,400				
MISC 103,109	31	33,786,200				
104	441	285,776,900				
105	86	62,836,300				
111-125	90	363,409,700				
130-32,106	187	18,301,400				
200-231	0		0			
300-393	539			977,737,470		
400-442	146				283,751,300	
450-452	0				0	
CH 61 LAND	0	0	0	0		
CH 61A LAND	4	5	0	107,895		
CH 61B LAND	1	0	0	264,300		
012-043	74	34,215,387	0	63,954,619	2,403,950	
501	551					13,436,736
502	558					24,930,313
503	1					26,641
504	3					40,964,764
505	7					19,059,600
506	2					15,243,300
508	5					1,393,323
550-552	0					0
TOTALS	10,603	5,183,253,087	0	1,042,064,284	286,155,250	115,054,677
Real and Personal Property Total Value						6,626,527,298
Exempt Parcel Count & Value						300 846,987,445

FY2023	
\$ 86,921,395	
\$ 2,171,912	
\$ 741,272	
\$ (44,973)	
	\$ 89,789,606
\$ -	
Max Levy	\$ 89,789,606
Actual Levy	\$ 89,744,429
	\$ 45,177

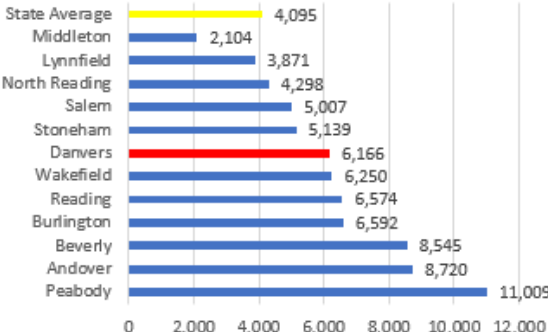
Uniform Tax Rate = Tax Levy/ Total Assessed Value (89,744,429/6,626,527,298 = 0.0135432) or \$13.54/\$1000

Historic Single-Family Value/Tax Bills

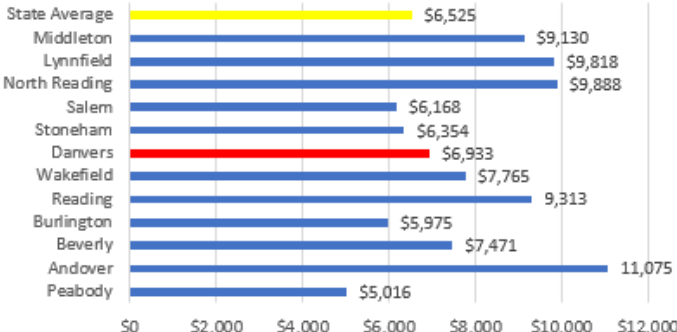
Fiscal Year	SF Total Assessed		# SF Parcels	Avg SF Value	Avg Value Change	Avg SF Tax Bill
	Values					
2010	\$	2,275,942,500	6077	\$374,517	-4.4%	\$4,577
2011	\$	2,129,364,100	6086	\$349,879	-6.6%	\$4,688
2012	\$	2,135,692,100	6092	\$350,573	0.2%	\$4,883
2013	\$	2,130,976,500	6093	\$349,742	-0.2%	\$5,085
2014	\$	2,142,659,300	6101	\$351,198	0.4%	\$5,215
2015	\$	2,191,779,500	6108	\$358,838	2.2%	\$5,350
2016	\$	2,397,487,400	6110	\$392,387	9.3%	\$5,572
2017	\$	2,490,395,100	6113	\$407,393	3.8%	\$5,781
2018	\$	2,725,847,700	6126	\$444,964	9.2%	\$6,025
2019	\$	2,875,402,700	6140	\$468,307	5.2%	\$6,219
2020	\$	3,039,048,400	6153	\$493,913	5.5%	\$6,451
2021	\$	3,078,311,000	6167	\$499,159	1.1%	\$6,664
2022	\$	3,376,711,600	6166	\$547,634	9.7%	\$6,933
2023	\$	3,742,953,800	6179	\$605,754	10.6%	TBD

Average Tax Bill Community Comparisons

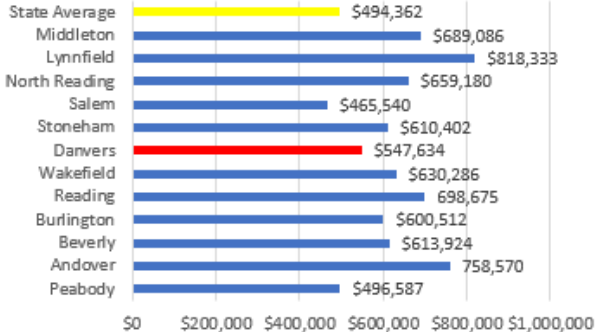
FY22 # Single Family Parcels



FY22 Average Single Family Tax Bill



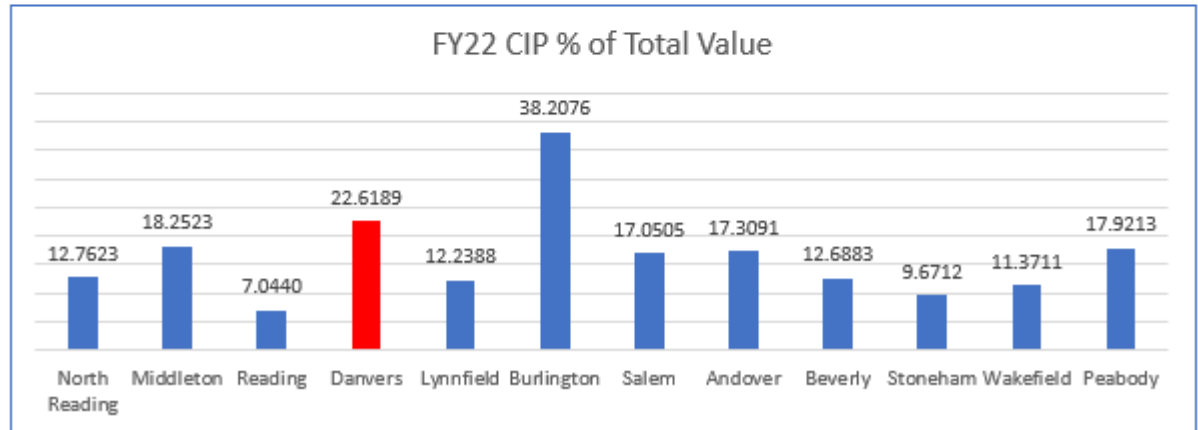
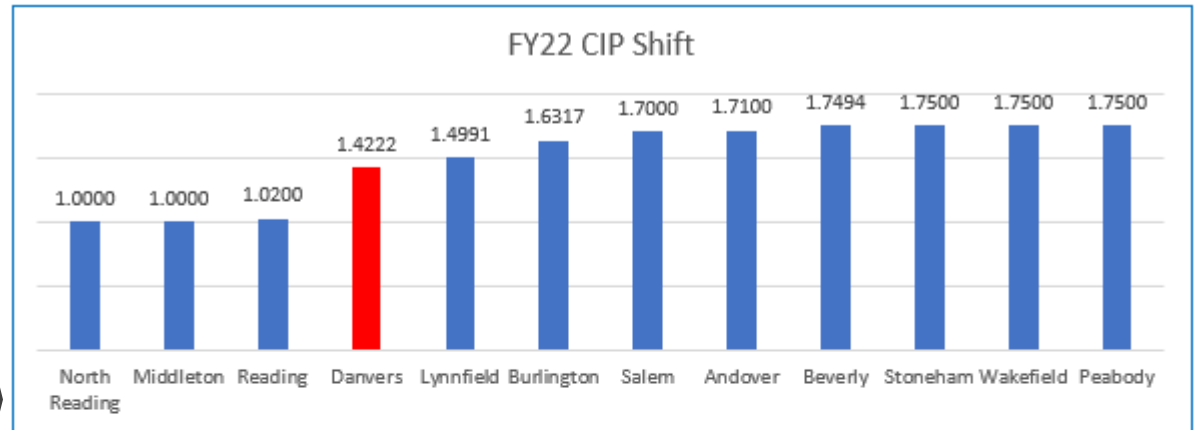
FY22 Average Single Family Value



Historic CIP Shifts and Distribution of Tax Levy

Fiscal Year	Res Tax Levy	CIP Tax Levy	Total Levy	Res %	CIP %	Res Factor	CIP Shift
2022	\$58,951,834.11	\$27,957,603.30	\$86,909,437.41	67.832%	32.168%	0.8766	1.4222
2021	\$56,797,644.47	\$27,148,818.73	\$83,946,463.20	67.657%	32.343%	0.8785	1.4071
2020	\$54,865,151.94	\$26,123,563.72	\$80,988,715.66	67.739%	32.261%	0.8802	1.4001
2019	\$52,502,480.21	\$25,651,929.63	\$78,154,409.84	67.180%	32.820%	0.8775	1.4001
2018	\$50,542,735.14	\$24,812,145.69	\$75,354,880.83	67.072%	32.928%	0.8815	1.3770
2017	\$48,589,253.02	\$24,064,974.63	\$72,654,227.65	66.879%	33.121%	0.8841	1.3600
2016	\$46,668,073.06	\$23,618,474.36	\$70,286,547.42	66.403%	33.597%	0.8873	1.3350
2015	\$44,772,173.95	\$22,577,781.29	\$67,349,955.24	66.483%	33.517%	0.8982	1.2900
2014	\$42,876,601.63	\$21,880,154.11	\$64,756,755.74	66.205%	33.795%	0.9021	1.2700
2013	\$41,563,368.76	\$20,963,411.14	\$62,526,779.90	66.477%	33.524%	0.9057	1.2600
2012	\$40,058,408.95	\$20,288,690.86	\$60,347,099.81	66.372%	33.628%	0.9053	1.2600
2011	\$38,484,156.76	\$19,759,037.70	\$58,243,194.46	66.071%	33.929%	0.9042	1.2600
2010	\$37,272,131.66	\$18,759,844.39	\$56,031,976.05	66.527%	33.474%	0.8936	1.3100
2009	\$35,924,009.46	\$18,060,583.30	\$53,984,592.76	66.544%	33.456%	0.8914	1.3200
2008	\$34,331,294.02	\$17,000,073.92	\$51,331,367.94	66.885%	33.115%	0.8841	1.3600
2007	\$32,400,905.37	\$16,444,435.60	\$48,845,340.97	66.332%	33.668%	0.8695	1.4200
2006	\$31,020,818.29	\$15,753,732.33	\$46,774,550.62	66.318%	33.682%	0.8733	1.4000
2005	\$29,398,349.37	\$15,543,500.15	\$44,941,849.52	65.425%	34.575%	0.8795	1.3502
2004	\$29,519,302.61	\$13,567,642.70	\$43,086,945.31	68.500%	31.500%	0.9234	1.2200
2003	\$26,530,432.72	\$14,717,429.00	\$41,247,861.72	64.321%	35.679%	0.9091	1.2200

CIP Shift Community Comparison



Selection of a Minimum Residential Factor

CIP Shift	All Residential					Commerical/Industrial			
	Rate	FY22	FY23	Difference	% Change	Rate	FY22	FY23	% Change
		Avg Value	Avg Tax Bill				Avg Tax Bill	Avg Value	
		\$531,144	\$590,281				\$1,799,390	\$1,911,107	
		\$12.66					\$20.54		
		\$6,724					\$36,959		
1.0000	13.54	\$7,992.40	\$1,268.11	18.86%	13.54	\$25,876	-\$11,083	-29.99%	
1.4450	11.87	\$7,006.63	\$282.34	4.20%	19.57	\$37,400	\$441	1.19%	
1.4500	11.85	\$6,994.82	\$270.54	4.02%	19.64	\$37,534	\$575	1.55%	
1.4550	11.83	\$6,983.02	\$258.73	3.85%	19.71	\$37,668	\$708	1.92%	
1.4600	11.81	\$6,971.21	\$246.92	3.67%	19.77	\$37,783	\$823	2.23%	
1.4650	11.79	\$6,959.41	\$235.12	3.50%	19.84	\$37,916	\$957	2.59%	
1.4700	11.77	\$6,947.60	\$223.31	3.32%	19.91	\$38,050	\$1,091	2.95%	
1.4750	11.75	\$6,935.80	\$211.51	3.15%	19.98	\$38,184	\$1,224	3.31%	
1.4800	11.73	\$6,923.99	\$199.70	2.97%	20.04	\$38,299	\$1,339	3.62%	
1.4850	11.71	\$6,912.18	\$187.90	2.79%	20.11	\$38,432	\$1,473	3.99%	
1.4900	11.70	\$6,906.28	\$181.99	2.71%	20.18	\$38,566	\$1,607	4.35%	
1.4950	11.68	\$6,894.48	\$170.19	2.53%	20.25	\$38,700	\$1,740	4.71%	
1.5000	11.66	\$6,882.67	\$158.38	2.36%	20.31	\$38,815	\$1,855	5.02%	

A full breakout of the various shift options is provided to the Board. Here are several examples to for illustrative purposes.

Selection of a Minimum Residential Factor

CIP Shift	Single Family					Condominium					Two Family					
	Avg Value	FY22	FY23	Res Tax Rate	Prop Tax Bill	Avg Value	FY22	FY23	Res Tax Rate	Prop Tax Bill	Avg Value	FY22	FY23	Res Tax Rate	Prop Tax Bill	
	Rate	Avg Tax Bill	Difference	% Change	Rate	Avg Tax Bill	Difference	% Change	Rate	Avg Tax Bill	Difference	% Change	Rate	Avg Tax Bill	Difference	% Change
1.0000	13.54	\$8,202	\$1,269	18.30%	13.54	\$5,134	\$646	14.39%	13.54	\$8,774	\$1,704	24.11%				
1.4450	11.87	\$7,190	\$257	3.71%	11.87	\$4,501	\$13	0.28%	11.87	\$7,692	\$622	8.80%				
1.4500	11.85	\$7,178	\$245	3.54%	11.85	\$4,493	\$5	0.11%	11.85	\$7,679	\$609	8.62%				
1.4550	11.83	\$7,166	\$233	3.36%	11.83	\$4,486	-\$3	-0.06%	11.83	\$7,666	\$596	8.43%				
1.4600	11.81	\$7,154	\$221	3.19%	11.81	\$4,478	-\$10	-0.23%	11.81	\$7,653	\$583	8.25%				
1.4650	11.79	\$7,142	\$209	3.01%	11.79	\$4,471	-\$18	-0.40%	11.79	\$7,640	\$570	8.07%				
1.4700	11.77	\$7,130	\$197	2.84%	11.77	\$4,463	-\$25	-0.56%	11.77	\$7,627	\$557	7.88%				
1.4750	11.75	\$7,118	\$185	2.66%	11.75	\$4,456	-\$33	-0.73%	11.75	\$7,614	\$544	7.70%				
1.4800	11.73	\$7,105	\$172	2.49%	11.73	\$4,448	-\$41	-0.90%	11.73	\$7,601	\$532	7.52%				
1.4850	11.71	\$7,093	\$160	2.31%	11.71	\$4,440	-\$48	-1.07%	11.71	\$7,588	\$519	7.33%				
1.4900	11.70	\$7,087	\$154	2.23%	11.70	\$4,437	-\$52	-1.16%	11.70	\$7,582	\$512	7.24%				
1.4950	11.68	\$7,075	\$142	2.05%	11.68	\$4,429	-\$59	-1.33%	11.68	\$7,569	\$499	7.06%				
1.5000	11.66	\$7,063	\$130	1.88%	11.66	\$4,421	-\$67	-1.49%	11.66	\$7,556	\$486	6.88%				

A full breakout of the various shift options is provided to the Board. Here are several examples for illustrative purposes.

B. Open Space Discount

Open Space is defined in M.G.L. Chapter 59, Section 2A as:

“...land which is not otherwise classified and which is not taxable under the provisions of chapters sixty-one, sixty-one A or sixty-one B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.” [Recently the law was changed to allow the inclusion of chapter land.]

This mechanism provides for the redistribution of the tax levy among residential property owners, solely within the Residential Class (Class 1). “Exemption” is a misnomer since it is actually a tax shift among residential properties. It involves the following steps:

- Subtracting a standard dollar amount (a percentage of the average Class 1 value) from every qualifying owner-occupied residential parcel;
- Recalculating the Class 1 tax rate based on the new total of the Class 1 taxable value. The Class 1 tax levy must remain unchanged before and after this calculation

This has the net result of shifting taxes from the Class 1 parcels which are below the average value to parcels within the Class which are above the average. It also results in substantially higher taxes on:

- Apartment and multi-family parcels which are not owner occupied.
- Vacant land parcels
- And any other residential property which is not owner occupied (including, in many instances, properties which are owned by a trust).

RESIDENTIAL EXEMPTION

SMALL COMMERCIAL EXEMPTION



An exemption of up to 10% of the property valuation for commercial properties only.



Eligible business cannot have more than 10 employees as certified by the Dept. of Employment & Training.



Assessed Value cannot exceed \$1,000,000.



One business in a building could not qualify unless every business qualified.



Exemption goes to the building owner not business owner

Vote to grant authority to Board of Assessors Chairman to sign on behalf of the Select Board on the DOR Gateway.

Elderly and Disabled Taxation Fund

- MGL Chapter 60 Section 3D
- Adopted by the Board in 2000
- The Committee was established in June 2022
- The Committee has developed Guidelines on Eligibility Requirements for FY23 and has adopted a State Approved Application (see packet)