



FY2014

# Classification Hearing

December 17, 2013

Town Hall

7:00 p.m.

# Purpose of this Hearing

1. Allocating the local property tax levy among the five property classes for the fiscal year 2014 and selection of a Minimum Residential Factor.
2. Whether to allow a residential exemption.
3. Whether to allow a small commercial exemption.
4. Whether to allow a discount of up to twenty five percent (25%) for property Classified as Open Space.

# Residential Exemption

- Will the Board establish a residential exemption which now is in effect in 11 of the 353 municipalities in the state?
- Historically the Board has voted no on this.

# Small Business Exemption

- Will the Board of Selectman establish a small business exemption? Five towns use this in Massachusetts.
- Historically the Board has voted no on this also.

# Open Space Discount

- Whether to allow a discount of up to twenty five percent (25%) discount for property Classified as Open Space.
- Historically we have not granted a discount for property classified as open space.

# What is the Shift?

- Shifting the tax rate moves the tax burden to be raised from the Residential/Open Space Classes to the Commercial, Industrial and Personal Property Classes (CIP).

# Classification

- Property is divided into 5 classes:
  - Residential
  - Open Space
  - Commercial
  - Industrial
  - Personal

## Classes by Total Valuation at 100% 2013

- Residential = 80.56%
- Open Space = 0.00%
- Commercial = 9.87%
- Industrial = 5.44%
- Personal Property = 4.13%

## Classes by Total Valuation at 100% 2014

- Residential = 80.89% (0.33%)
- Open Space = 0.00%
- Commercial = 9.44% (-0.43%)
- Industrial = 5.46% (0.02%)
- Personal Property = 4.20% (0.07%)

	FY13 VAL	FY13 TAX	FY14 VALUE	FY14 TAX	% VAL CHG	FY14 TAX CHG @ 1.47
<b>AVERAGE SINGLE FAMILY</b>	\$316,552	\$4,888	\$314,436	\$5,066	-0.7	\$178
<b>AVERAGE RES. CONDO</b>	\$227,469	\$3,512	\$223,254	\$3,597	-1.9	\$85
<b>AVERAGE COMMERCIAL</b>	\$773,618	\$19,805	\$767,716	\$20,452	-0.8	\$647
<b>TAX LEVY</b>	\$66,234,396	*****	\$68,530,647			
	FY13 Res Rate \$15.44		FY13 CIP Rate \$25.60			

### FY2014 RATE SPLIT OPTIONS

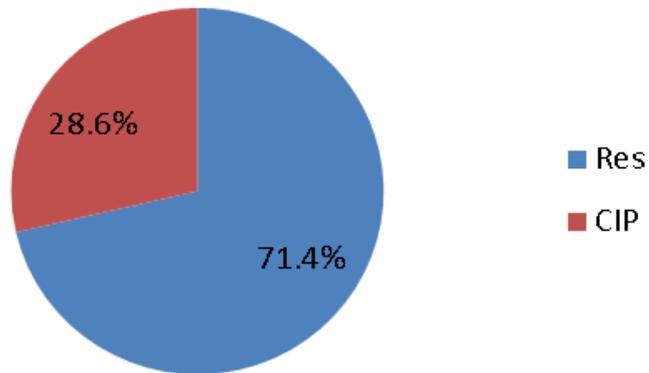
CIP SHIFT	RES FACTOR	TAX RATES		SINGLE FAMILY HOMES	RESIDENTIAL CONDOS	COMMERCIAL
		RES TAX RATE	C/I TAX RATE	AVERAGE TAX BILL	AVERAGE TAX BILL	AVERAGE TAX BILL
1.00	1.000000	18.12	18.12	\$5,698	\$4,045	\$13,911
1.45	0.893691	16.20	26.28	\$5,094	\$3,617	\$20,176
1.46	0.891329	16.15	26.46	\$5,078	\$3,606	\$20,314
1.47	0.888966	16.11	26.64	\$5,066	\$3,597	\$20,452
1.48	0.886604	16.07	26.82	\$5,053	\$3,588	\$20,590
1.49	0.884241	16.02	27.00	\$5,037	\$3,577	\$20,728
1.5	0.881879	15.98	27.18	\$5,025	\$3,568	\$20,867

The maximum allowable split is 1.5.

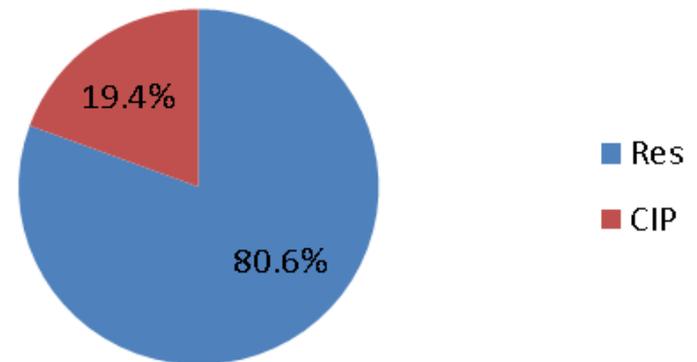
\*Town Manager's recommended shift in Yellow (1.47)\*

# 2013 Shift – Tax Burden

**2013 with a 1.47 Shift**

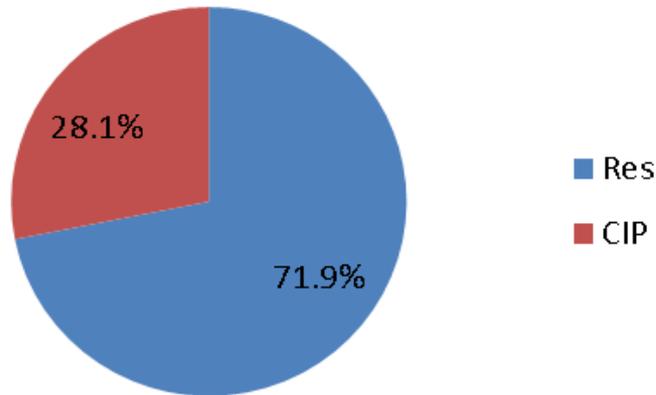


**2013 with No Shift**

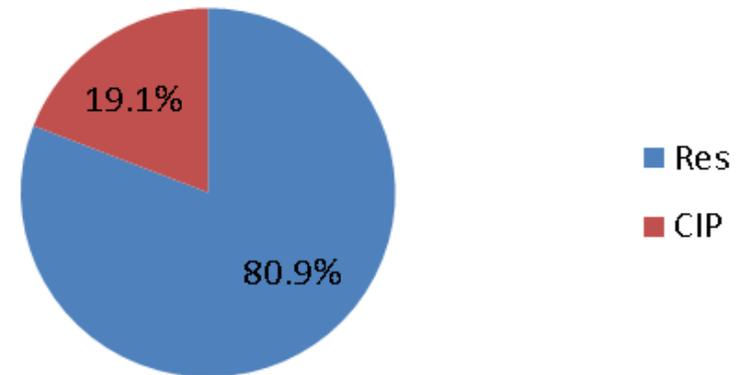


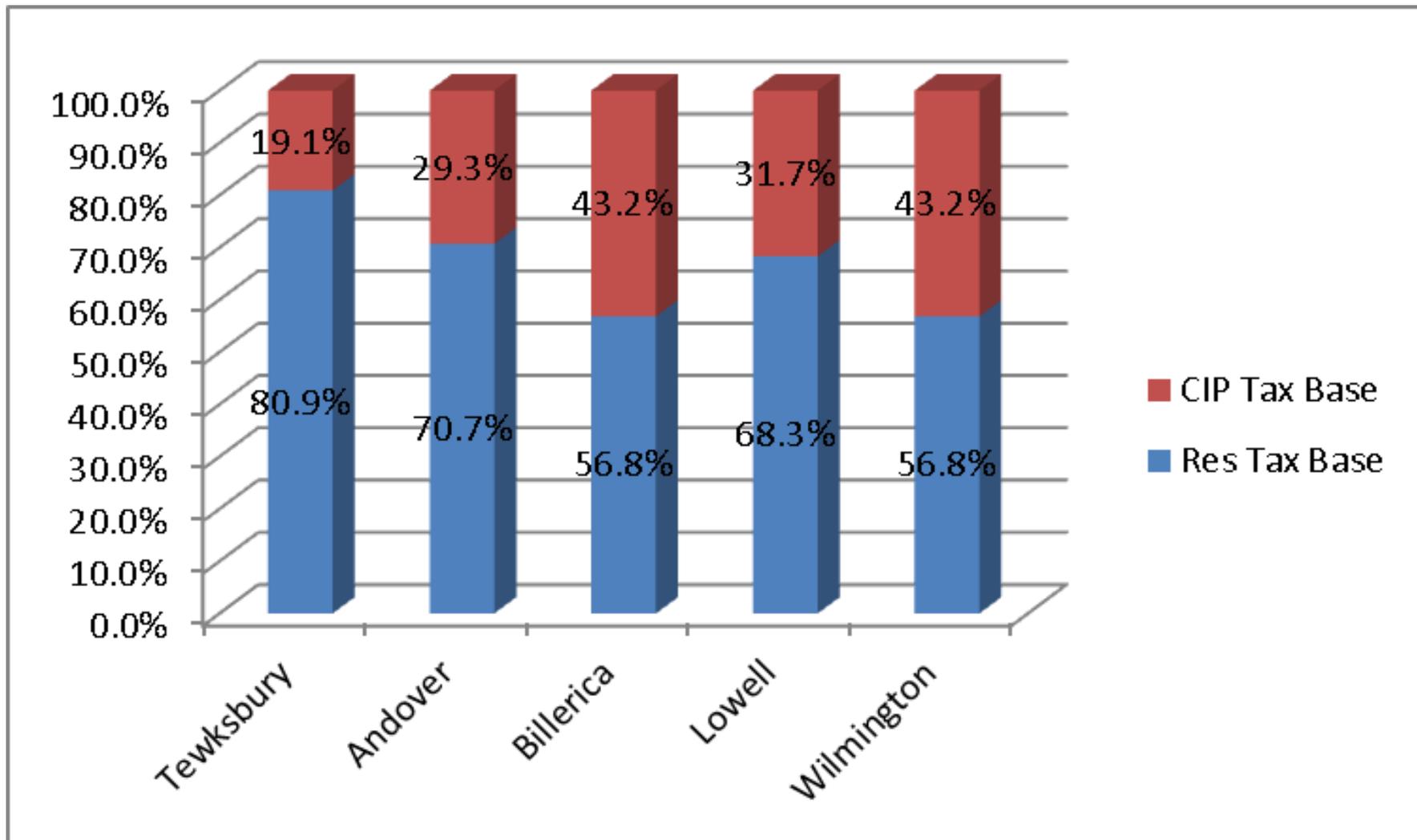
# 2014 Shift - Tax Burden

**2014 at 1.47 Shift**

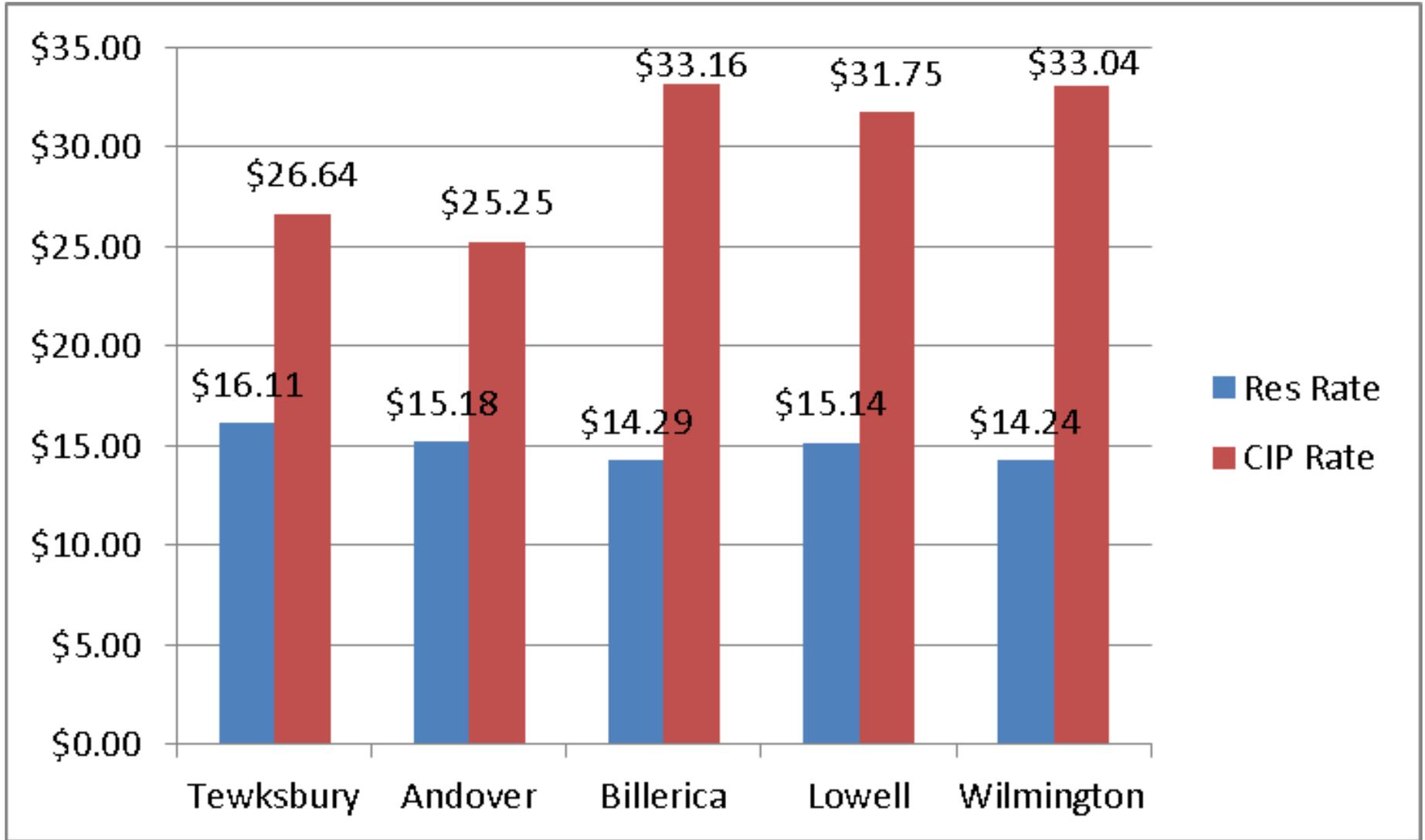


**2014 with No Shift**



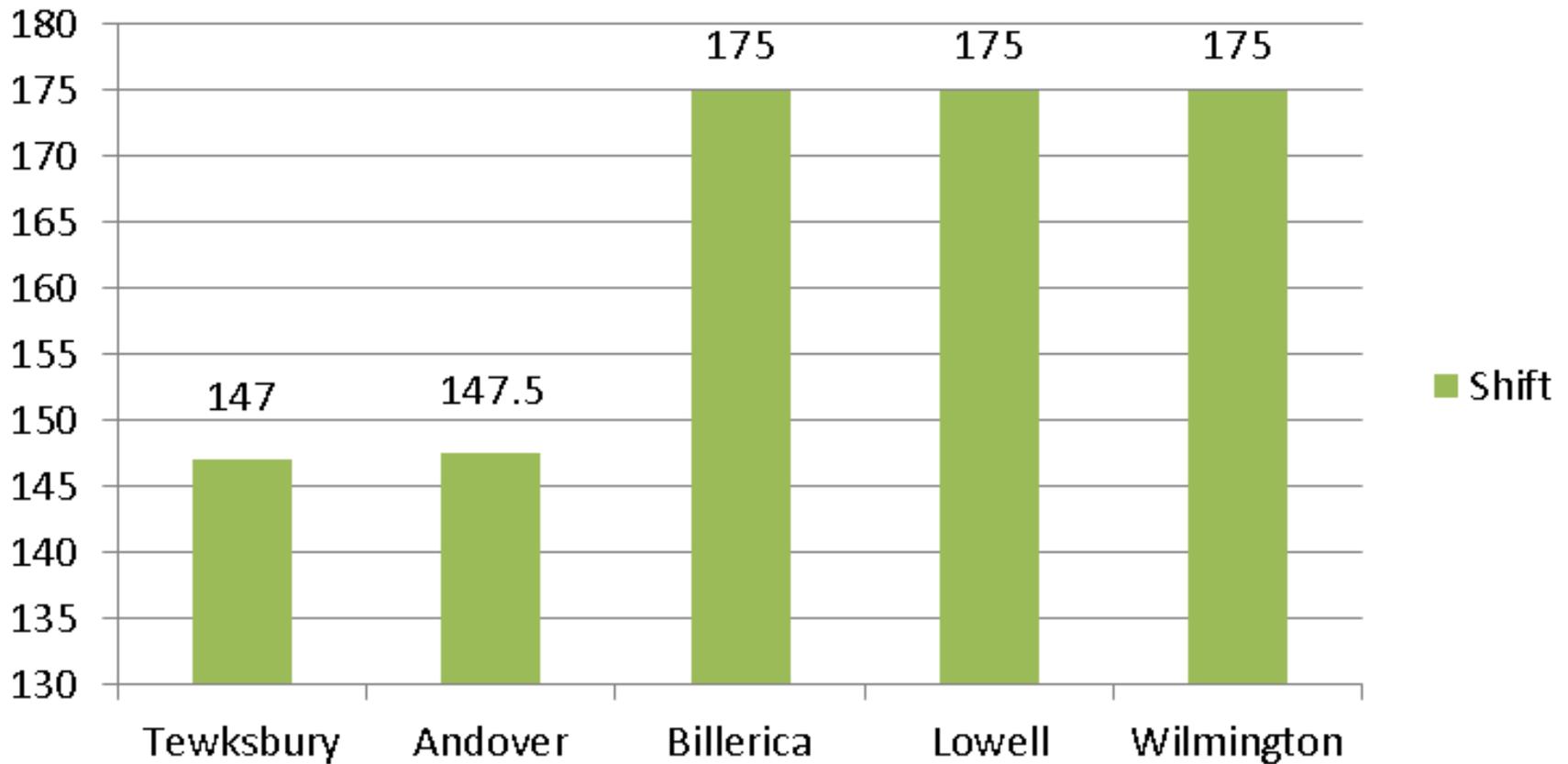


Current Town of Tewksbury Tax Levy from LA-5 (Values)



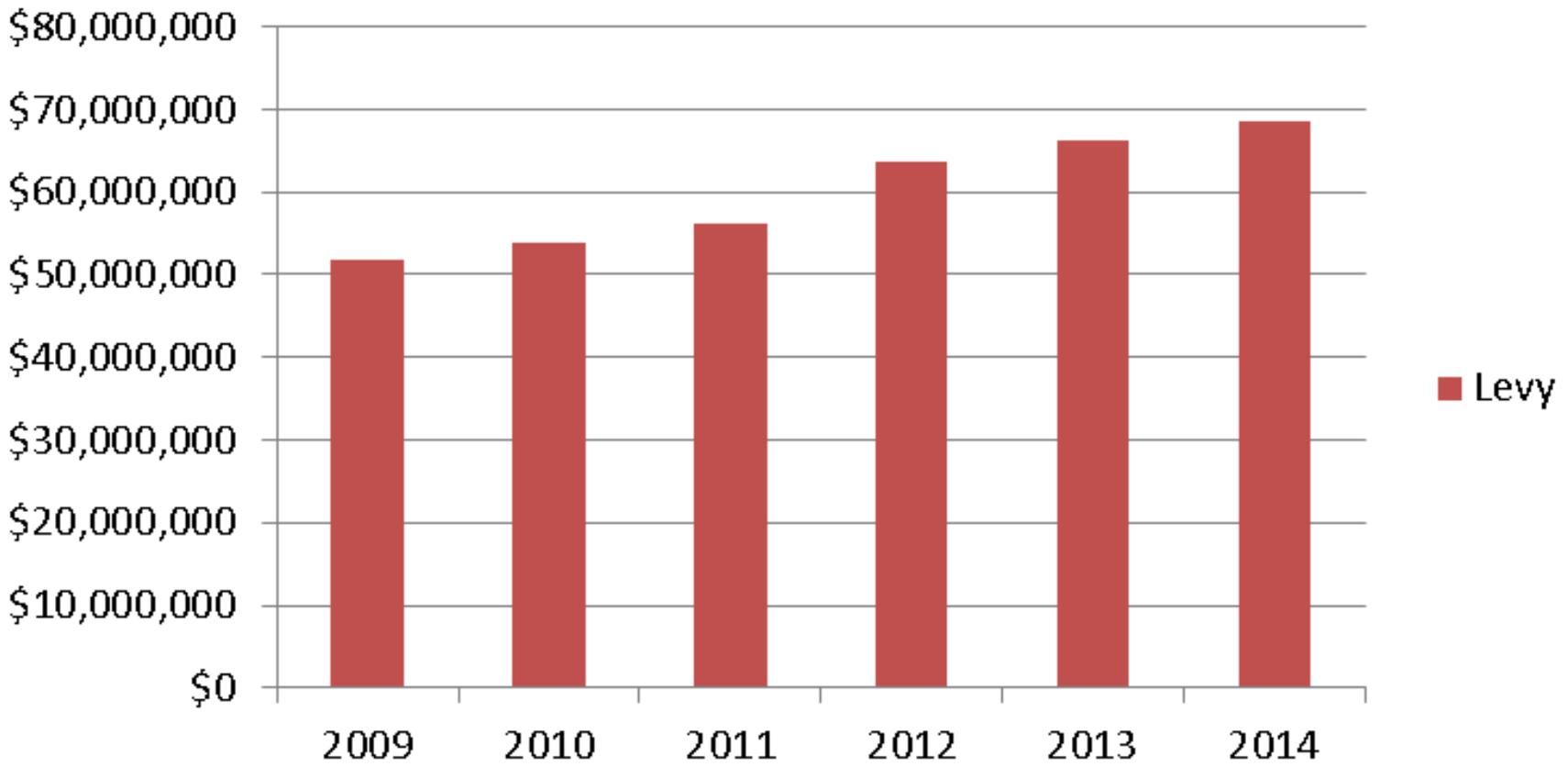
Shown at the recommended 1.47 Shift (MRF 0.888966)

# Shift

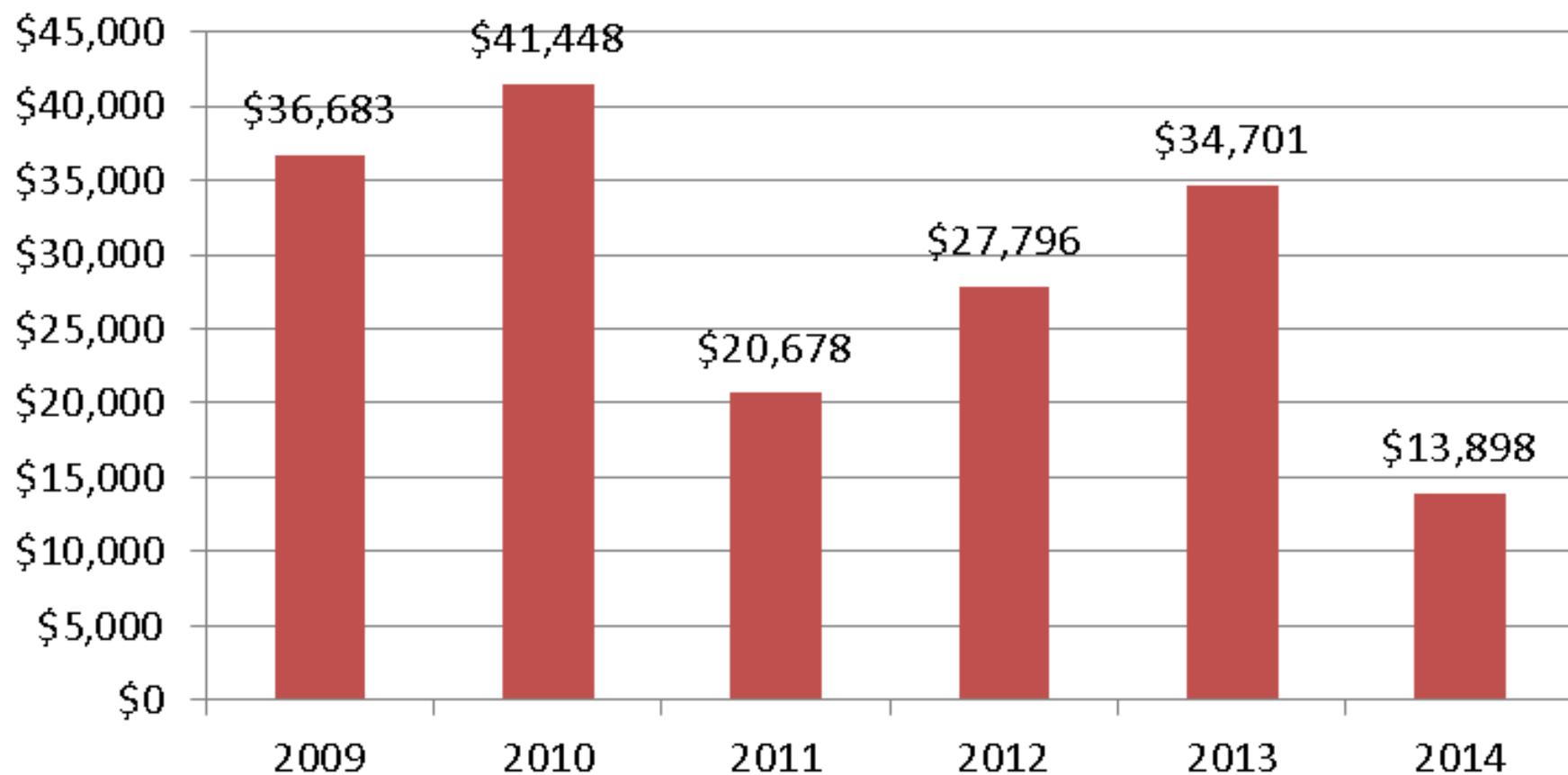


Shown at the recommended 1.47 Shift (MRF 0.888966)

# Levy



## Excess Levy Capacity



- It is up to the Board of Selectmen to determine whether or not the tax burden should be shifted.
- Once they decide in favor of shifting the burden, by means of shifting the tax rate, they must then decide how much the burden will be shifted.
- The recommended shift is 147% (MRF 0.888966).

# Votes Needed

1. Allocating the local property tax levy among the five property classes for the fiscal year 2014 and selection of a Minimum Residential Factor 0.888966 (1.47).
2. Whether to allow a residential exemption?
3. Whether to allow a small commercial exemption?
4. Whether to allow a discount of up to twenty five percent (25%) for property Classified as Open Space?