



FY2019

# Classification Hearing

November 7, 2018

Tewksbury 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 2019 and the 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

- A residential exemption shifts the tax burden from lower valued properties to higher valued properties and to those owned by nonresidents. This exemption is typically seen in communities that can be classified as large cities, communities with an abundance of apartments and resort communities.
- In FY2018, seventeen communities used a residential exemption, including Boston, Brookline, Everett, Malden, Nantucket, Somerville and Waltham.
- Historically the Board has voted no.

# Small Business Exemption

- A small business exemption lowers the taxes on parcels occupied by small business and shifts those taxes to other commercial and industrial taxpayers.
- In FY2018, fourteen communities used this exemption including Braintree, Seekonk, Swampscott and Wrentham.
- Historically the Board has voted no.

# Open Space Discount

- An open space discount would allow a discount of up to twenty five percent (25%) for property Classified as Open Space. This discount shifts the tax burden to the residential class.
- There is no land classified as Open Space in Tewksbury.
- Historically the Board has 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 between the Residential/Open Space Classes and the Commercial, Industrial and Personal Property Classes (CIP).

# Classification

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

# Sales Analysis

- Identify arms-length sales – sale between a willing buyer and a willing seller with no unusual circumstances involved in the sale.
  - Calendar Year Sales - 2017
    - 383 Single Family Home Sales
    - 176 Condominium Sales
    - 14 Commercial & Industrial Sales



# Sales Analysis

- Sales questionnaires
- Conversations with realtors, brokers & developers
- Physical visit and review
- MLS review of each property
- Aerial review of each property

# Valuation

- Analyze market data
- Market adjustments are made to properties
- Sales data is then reviewed by the DOR  
(Department of Revenue)
- All property values and counts are reviewed by DOR
- All property adjustments, including new growth are reviewed by DOR

# Fiscal Year 2018

FY18 Shift @1.53

	FY17 VAL	FY17 TAX	FY18 VALUE	FY18 TAX	% VAL CHG	% TAX CHANGE	FY18 TAX CHG @ 1.53
<b>AVERAGE SINGLE FAMILY</b>	\$358,079	\$5,776	\$375,355	\$6,054	4.8	4.8	\$279
<b>AVERAGE RES. CONDO</b>	\$260,175	\$4,197	\$284,755	\$4,593	9.4	9.4	\$396
<b>AVERAGE COMMERCIAL</b>	\$747,964	\$20,749	\$758,533	\$21,042	1.4	1.4	\$293
<b>TAX LEVY</b>	\$78,550,516		\$82,392,297				

**FY18 Res Rate \$16.13    FY18 CIP Rate \$27.74**

# FY2018 – Average Single Family Home Tax Comparison

Municipality	Year	Single Family Values	Single Family Parcels	Average Single Family Value	Single Family Tax Bill*
Dracut	2018	2,495,743,400	7,694	324,375	4,587
Burlington	2018	3,142,930,800	6,582	477,504	5,071
Billerica	2018	3,891,979,900	10,857	358,477	5,087
Tewksbury	2018	2,935,281,200	7,820	375,356	6,054
Tyngsborough	2018	1,145,254,440	3,178	360,370	6,166
Wilmington	2018	3,093,544,070	7,036	439,674	6,336
Chelmsford	2018	3,611,638,377	9,040	399,518	7,175
North Andover	2018	3,275,939,400	6,305	519,578	7,549
Westford	2018	3,334,158,900	6,407	520,393	8,420
North Reading	2018	2,292,833,800	4,266	537,467	8,782
Bedford	2018	2,320,856,334	3,442	674,276	9,265
Andover	2018	5,281,400,200	8,612	613,261	9,591
Carlisle	2018	1,381,123,700	1,707	809,094	14,701
Reading	2018				

\*DLS does not have sufficient data to calculate an average single family tax bill for communities that have adopted the residential exemption (MGL c59:5C).

**FY2019 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	1.0000	17.83	17.83	\$7,220	\$5,476	\$13,786
1.53	0.8925	15.91	27.28	\$6,443	\$4,886	\$21,093
1.54	0.8905	15.88	27.45	\$6,431	\$4,877	\$21,224
1.55	0.8885	15.84	27.63	\$6,415	\$4,865	\$21,363
1.56	0.8864	15.80	27.81	\$6,398	\$4,853	\$21,502
1.75	0.8479	15.12	31.20	\$6,123	\$4,644	\$24,124

The maximum allowable split is 1.75.

1.55 Shift

	FY18 VAL	FY18 TAX	FY19 VALUE	FY19 TAX	% VAL CHG	% TAX CHANGE	FY19 TAX CHG @ 1.55
<b>AVERAGE SINGLE FAMILY</b>	\$375,355	\$6,054	\$404,963	\$6,415	7.9	5.9	\$360
<b>AVERAGE RES. CONDO</b>	\$284,755	\$4,593	\$307,125	\$4,865	7.9	5.9	\$272
<b>AVERAGE COMMERCIAL</b>	\$758,533	\$21,042	\$773,191	\$21,363	1.9	1.5	\$323
<b>TAX LEVY</b>	\$82,392,297		\$87,419,779				

Fiscal 2018 chosen shift is highlighted in blue (1.53)

Town Manager's recommended shift for Fiscal 2019 is highlighted in yellow (1.55)

# Comparison of Total Valuation

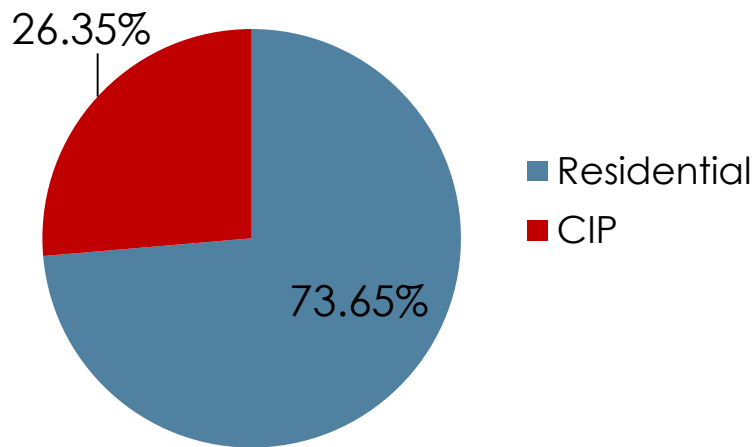
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Proposed Fiscal Year 2019
<b>Percent of Levy</b>				
Residential	73.5687%	73.6848%	73.6525%	73.8692%
Increase(Decrease)	0.84%	0.12%	-0.03%	0.22%
<b>CIP</b>				
Commercial	12.8264%	12.5019%	12.0992%	11.6796%
Industrial	7.1408%	6.9028%	6.6700%	6.3634%
Personal	6.4642%	6.9105%	7.5783%	8.0878%
Total CIP	26.4314%	26.3152%	26.3475%	26.1308%
Increase(Decrease)	-0.84%	-0.12%	0.03%	-0.22%

# Comparison of Values and Taxes Paid

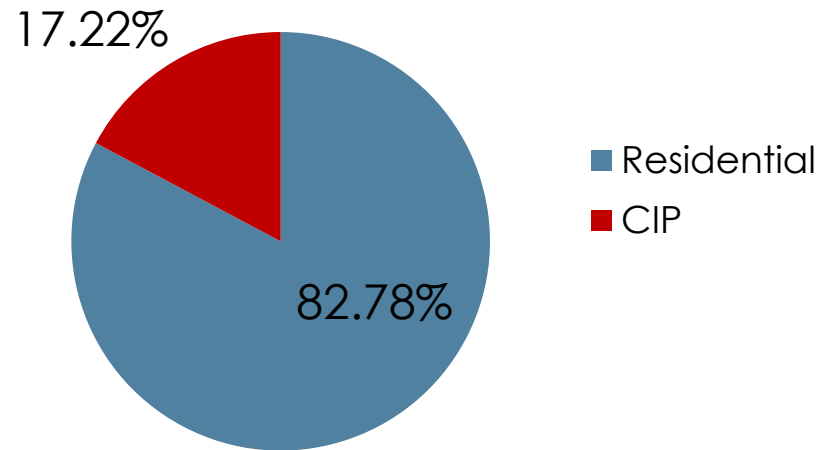
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Proposed Fiscal Year 2019
<b>Values</b>				
<b>AVERAGE SINGLE FAMILY HOME</b>	343,424	358,079	375,355	404,963
Increase(Decrease)	16,279	14,655	17,276	29,608
Percentage Increase(Decrease)	5.0%	4.3%	4.8%	7.9%
<b>AVERAGE RESIDENTIAL CONDO</b>	244,435	260,175	284,755	307,125
Increase(Decrease)	19,576	15,740	24,580	22,370
Percentage Increase(Decrease)	8.7%	6.4%	9.4%	7.9%
<b>AVERAGE COMMERCIAL</b>	745,568	747,964	758,533	773,191
Increase(Decrease)	5,468	2,396	10,569	14,658
Percentage Increase(Decrease)	0.7%	0.3%	1.4%	1.9%
<b>Average Tax Bill</b>				
<b>AVERAGE SINGLE FAMILY HOME</b>	5,615	5,840	6,055	6,415
Increase(Decrease)	260	225	214	360
Percentage Increase(Decrease)	4.9%	4.0%	3.7%	5.9%
<b>AVERAGE RESIDENTIAL CONDO</b>	3,996	4,243	4,593	4,865
Increase(Decrease)	316	247	350	272
Percentage Increase(Decrease)	8.6%	6.2%	8.2%	5.9%
<b>AVERAGE COMMERCIAL</b>	20,475	20,808	21,040	21,363
Increase(Decrease)	33	334	232	323
Percentage Increase(Decrease)	0.16%	1.6%	1.1%	1.5%

# 2018 Shift - Tax Burden

## 2018 at 1.53 Shift



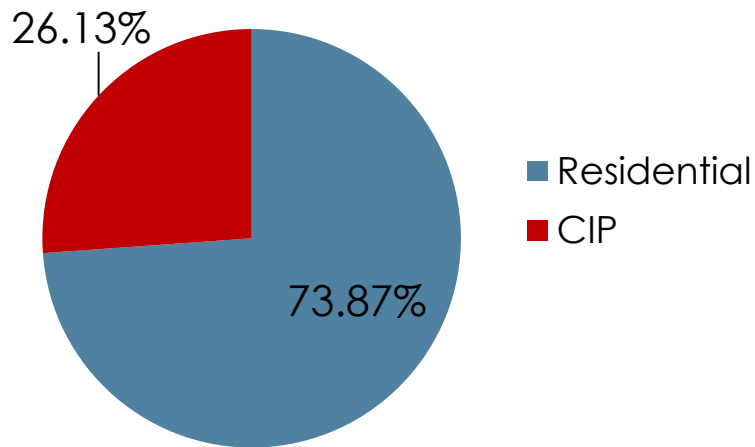
## 2018 with No Shift



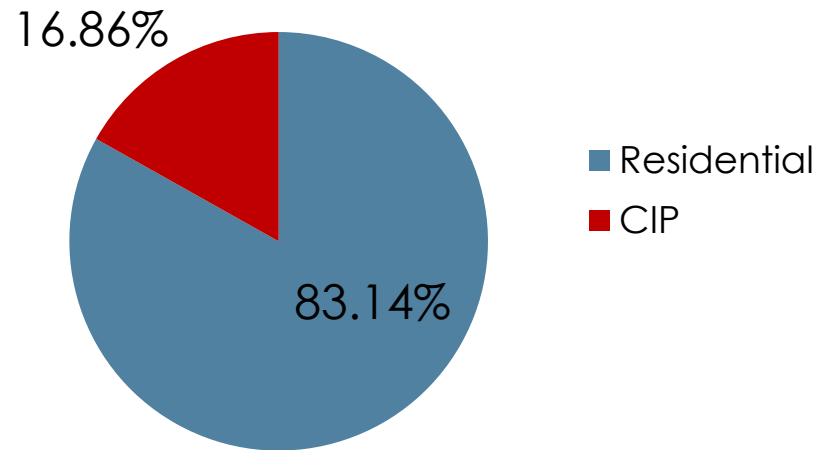


# 2019 Shift - Tax Burden

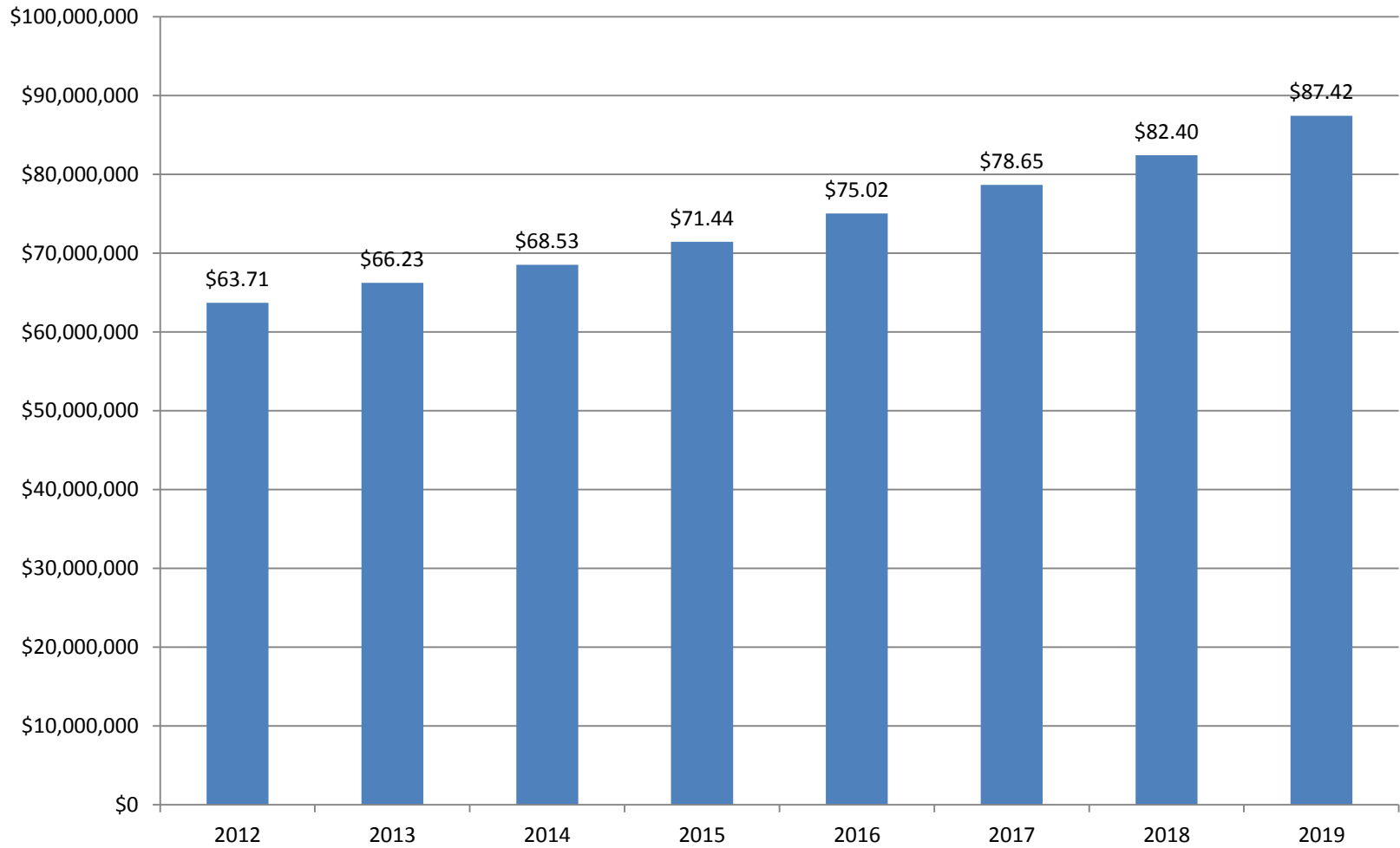
## 2019 at 1.55 Shift



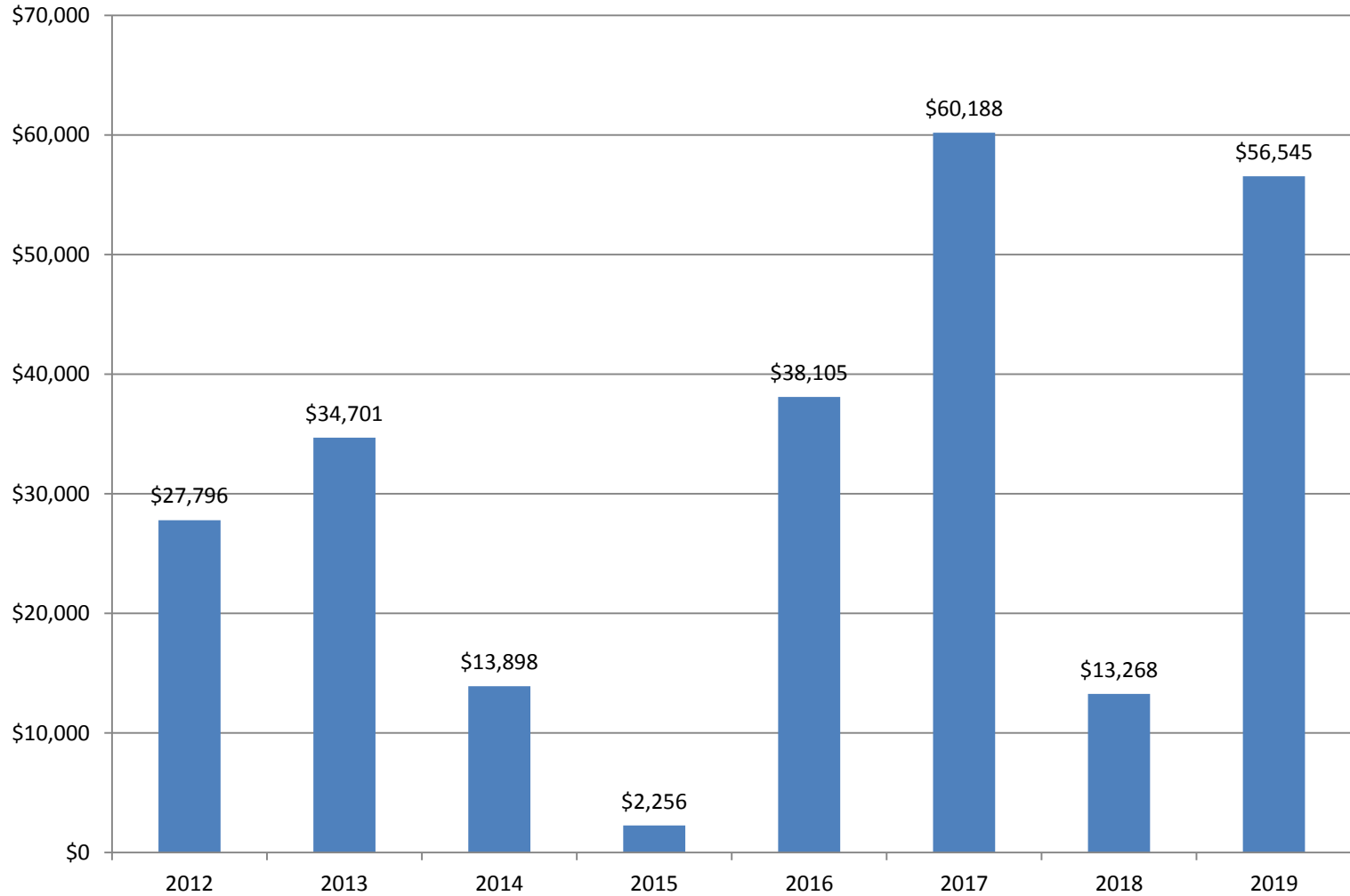
## 2019 with No Shift



## Levy History



## Excess Levy Capacity



# Required Action

- Allocating the local property tax levy among the five property classes for the fiscal year 2019 and selection of a Minimum Residential Factor.  
Town Manager recommends MRF of 0.8885 (1.55).
- Whether to allow a residential exemption?  
Town Manager recommends no.
- Whether to allow a small commercial exemption?  
Town Manager recommends no.
- Whether to allow a discount of up to twenty five percent (25%) for property Classified as Open Space?  
Town Manager recommends no.