

MONTAGUE SELECTBOARD and BOARD OF ASSESSORS MEETING

VIA ZOOM

Wednesday December 7, 2022

AGENDA

Join Zoom Meeting <https://us02web.zoom.us/j/87052447090>

Meeting ID: 870 5244 7090 Dial into meeting: +1 646 558 8656

Topics may start earlier than specified, unless there is a hearing scheduled

Meeting Being Taped

Votes May Be Taken

1. 6:00 PM Selectboard Chair opens the meeting, including announcing that the meeting is being recorded and roll call taken
2. 6:00 Board of Assessors Chair opens the meeting, roll call taken
3. 6:01 FY23 Tax Classification Hearing

OTHER:

Next Meeting: Selectboard, Monday, December 12, 2022 at 6:30 PM via ZOOM



FY2023 TAX CLASSIFICATION PRESENTATION

December 7, 2022 6:00 p.m.

Tax classification allows communities to have separate tax rates for different classes of property and allows the Selectboard to make a decision on an annual basis as to whether or not to shift the tax burden from one class of property to another. Should the Board decide to shift the tax burden, they must adopt a residential factor which will determine the percentage of the tax levy to be paid by the residential property owners. This results in two different tax rates (known as a “split tax rate”). Shifting the burden from the residential taxpayers to the commercial, industrial and personal property (CIP) taxpayers does not change the total levy to be taxed, but rather it changes the allocation of the tax levy to be borne by each class. Historically, the Montague Selectboard has voted to shift the rate since the mid-1980s. Notable changes impacting the rate are as follows:

Total Taxable Value

Total taxable valuation in Montague for FY2023 is \$1,123,142,040 which is an increase of \$98,247,818 (9.6%) from the previous year. Similar to last year, we continue to see real estate market values increase substantially, particularly in the residential sector. The chart below illustrates changes in the different classes of properties:

Property Type	Description	FY 2022 Assessed Value	FY 2023 Assessed Value	Value Diff	Value % Diff
Total Class 1	TOTAL RESIDENTIAL	690,791,491	757,915,744	67,124,253	9.7%
Total Class 2	TOTAL OPEN SPACE	0	0	0	
Total Class 3	TOTAL COMMERCIAL	44,159,879	42,831,335	-1,328,544	-3.0%
Total Class 4	TOTAL INDUSTRIAL	174,050,412	175,162,791	1,112,379	0.6%
Total Class 5	TOTAL PERSONAL PROPERTY	115,892,440	147,232,170	31,339,730	27.0%
Total Taxable	TOTAL REAL & PERSONAL	1,024,894,222	1,123,142,040	98,247,818	9.6%

While it is true that Class 5 Personal Property indicates the highest overall value increase, it is important to note that this is the result of one utility account (Eversource) and does not represent equal value increases over all the personal property accounts.

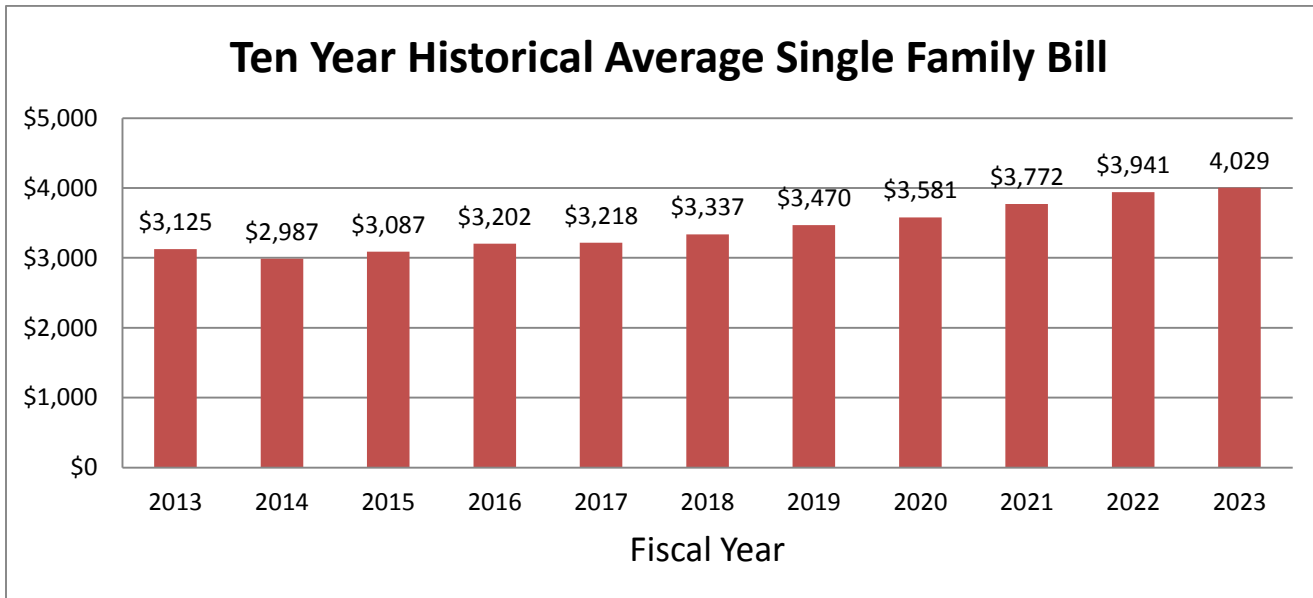
Tax Levy

The FY2023 property tax levy is \$20,439,562.44. This represents an increase of \$232,023.51 or approximately 1.1% over last year's levy of \$20,207,538.93. This figure represents the amounts raised and appropriated at Annual/Special Town Meetings minus estimated receipts and other revenue sources.

Average Single Family Tax Bill

The average assessment of a single family residence in Montague is \$258,821 up \$23,671 from last year's average of \$235,150. Using a shift similar to last year's, the average tax bill for a single family dwelling would be \$4,029 which represents an increase of \$88 from last year's average. Single family homes are the predominant type of residence in the residential class, therefore averages provide a good measure of data. It should be noted, however, that these figures do not reflect the average of other residential dwelling types (condos, two and three families, mobile homes, etc). The current housing market has caused significant increases in residential values which have not been recognized in commercial or industrial properties, therefore, consideration should be given to adjusting the residential factor lower. The average FY23 tax bill for a commercial property using a similar shift would be \$4,122.70 (avg value \$174,248 x \$23.66). This is a decrease from last year's average commercial property bill \$4,909.12 (avg value \$190,055 x \$25.83) due to a drop in both the average valuation and the commercial tax rate.

The chart below illustrates the average single family tax bill trend:



Tax Shift Options

A factor of .8501 was voted last year and resulted in a residential rate of \$16.76 and a commercial/industrial/personal property (CIP) rate of \$25.83. Should a similar shift be voted this year (highlighted below), the estimated residential rate would decrease by \$1.19 to **\$15.57**. Similarly, the CIP rate would decrease by \$2.17 to **\$23.66**. Without a shift, a single rate would yield a rate of \$18.20 for all classes of properties.

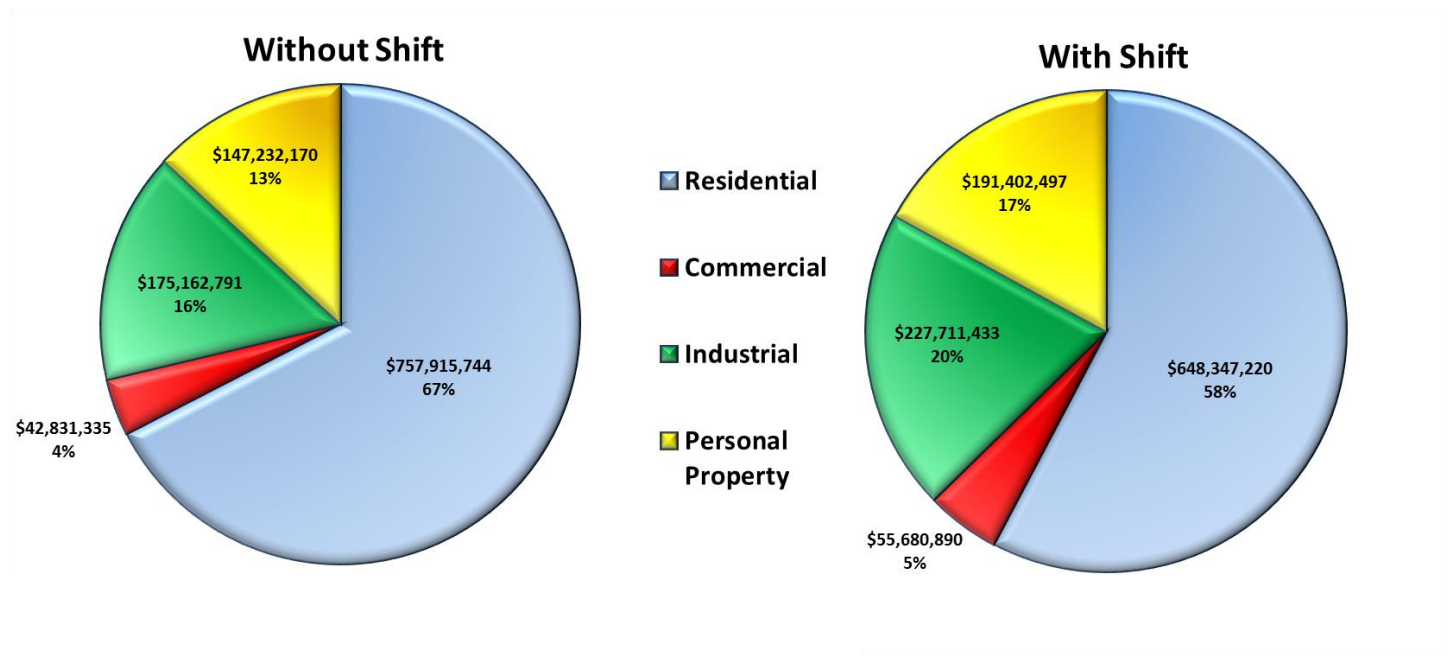
The table below illustrates the options for several different residential factors and the affect the factor has on the estimated rates:

CIP Shift	Share Percentages						Estimates Rates			
	Res Factor	Res %	Com %	Ind %	PP %	Total %	Res ET	Com ET	Ind ET	PP ET
1.0000	1.0000	67.4817	3.8135	15.5958	13.1090	100.0000	18.20	18.20	18.20	18.20
1.0300	0.9855	66.5062	3.9279	16.0637	13.5023	100.0000	17.94	18.74	18.74	18.74
1.0600	0.9711	65.5306	4.0423	16.5315	13.8955	100.0000	17.67	19.29	19.29	19.29
1.0900	0.9566	64.5551	4.1567	16.9994	14.2888	100.0000	17.41	19.84	19.84	19.84
1.1200	0.9422	63.5795	4.2711	17.4673	14.6821	100.0000	17.15	20.38	20.38	20.38
1.1500	0.9277	62.6040	4.3855	17.9352	15.0754	100.0000	16.88	20.93	20.93	20.93
1.1800	0.9133	61.6284	4.4999	18.4030	15.4686	100.0000	16.62	21.47	21.47	21.47
1.2100	0.8988	60.6529	4.6143	18.8709	15.8619	100.0000	16.36	22.02	22.02	22.02
1.2400	0.8843	59.6773	4.7287	19.3388	16.2552	100.0000	16.09	22.57	22.57	22.57
1.2700	0.8699	58.7018	4.8431	19.8067	16.6484	100.0000	15.83	23.11	23.11	23.11
1.3000	0.8554	57.7262	4.9576	20.2745	17.0417	100.0000	15.57	23.66	23.66	23.66
1.3300	0.8410	56.7507	5.0720	20.7424	17.4350	100.0000	15.30	24.20	24.20	24.20
1.3600	0.8265	55.7751	5.1864	21.2103	17.8282	100.0000	15.04	24.75	24.75	24.75
1.3900	0.8121	54.7996	5.3008	21.6782	18.2215	100.0000	14.78	25.30	25.30	25.30
1.4200	0.7976	53.8240	5.4152	22.1460	18.6148	100.0000	14.52	25.84	25.84	25.84
1.4500	0.7832	52.8485	5.5296	22.6139	19.0081	100.0000	14.25	26.39	26.39	26.39
1.4800	0.7687	51.8729	5.6440	23.0818	19.4013	100.0000	13.99	26.93	26.93	26.93

Note: This table should be used for planning purposes only. Actual calculations may differ slightly due to rounding. For actual calculations, complete Recap.

The four options when setting a multiple tax rate are:

- a tax shift from residential and open space to business property owners
- an open space discount that shifts taxes from open space to residential property owners
- a residential exemption that shifts taxes on lower valued owner-occupied residential property to other residential property owners
- a small commercial exemption that shifts taxes on small business property to other commercial and industrial property owners



The above charts demonstrate the change in components used to calculate the tax rate when a shift occurs *i.e.* the amount of the levy being paid, or the assessed valuation of, each class. The total tax levy remains the same.

Other Votes to Be Taken

Open Space Discount

This option allows a discount of up to 25% of land that is maintained in a natural condition. There is currently no land classified as Open Space in Montague. Currently there are no municipalities in the Commonwealth that have adopted this discount.

Residential Exemption

This option allows a discount to property that is the principal residence of a taxpayer. The discount cannot exceed 35% of the average assessed value of residential properties. This option would *increase* the residential rate and shift the burden from lower value properties to higher value properties. Currently only 16 of 351 communities in Massachusetts have adopted this exemption. This option makes sense only if a community has a significant percentage of non-owner occupied properties (i.e. seasonal renters) which Montague does not.

Small Commercial Exemption

This option allows for a 10% discount to certain commercial properties that meet criteria established by the state. Only businesses that have been certified by the Massachusetts Department of Workforce Development as having no more than an average of ten employees in the previous year would be eligible. It is important to note that the owner of the property (not the actual business owner) benefits from this exemption and is not required to pass any savings to the qualified business. The tax burden is redistributed to the non-qualifying commercial property owners in the form of a higher tax rate. A review of assessor's records shows that most of the eligible businesses are rented by tenants who would not benefit from this exemption. As of last year, only 12 Massachusetts communities voted for this exemption: Auburn, Avon, Bellingham, Berlin, Braintree, Chelmsford, Dartmouth, Erving, North Attleboro, Seekonk, Swampscott and Wrentham.

Notification of Excess Levy Capacity

Under Proposition 2 ½ a community may choose to set its levy at any amount below or equal to its levy limit. When a community sets its levy below the limit, the difference between the levy and the levy limit is referred to as excess levy capacity. Currently, Montague's excess levy capacity is **\$1,784,312.56**.

On behalf of the Montague Board of Assessors, Ann Cenzano, Ann Fisk and Rebecca Sabelawski, I thank you for the opportunity to present this data you. If you have questions or wish to be provided with additional information at future tax hearings, please let me know.

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Director of Assessing
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