

BOARD OF ASSESSORS
Elissa F. Magnant
John J. Duffett
Samuel P. Chase



CHIEF ASSESSOR
Frank T. Reen M.A.A.
50 Billerica Road
Chelmsford, MA 01824

Assessment Process and Data Review

FY 2018

Prepared for the Board of Selectmen

Tax Classification Public Hearing

November 20, 2017



- Public Hearing held every year, as required by law
- Purpose is to provide an open forum for the public discussion of local property tax policy
- After public discussion and review, the Board of Selectmen decides whether to tax all classes of property at the same, or different rates



- Review Areas:
 - Evaluation requirements, methods, application, and use
 - Residential
 - Commercial/Industrial
 - Personal Property
 - Open Space
 - Exemptions, Abatements, and Compliance
 - Split Tax Rate, Minimum Residential Factor (MRF)
 - Historical Review of Tax Rates, Value & Levy Shares
 - Effect of various rates of shift on the tax rate for each property class



- Exemptions, Abatements, and Compliance
 - Small Commercial Exemption. A commercial parcel:
 - Must be valued at less than \$1,000,000
 - Qualifies only if all occupants are eligible businesses
 - A business is eligible only if it has no more than 10 employees at all its locations
 - Shifts tax burden to remainder of CI property owners
 - Residential Exemption:
 - May be granted to taxpayer “principal residence” properties
 - Reduces the taxable valuation of the property up to 35% of the average assessed value of all residential class properties in the municipality
 - Shifts tax burden to apartments, seasonal, and higher value homes
 - Open Space Discount:
 - This adoption exempts up to 25% of the value of land that is classified as open space.
 - Open space is land that is not otherwise classified and is maintained in a natural state.
 - which contributes significantly to the benefit and enjoyment of the public.
 - The reduction in taxes is shifted to the remaining residential class.
 - Commercial property owner annual I/E submission requirement:
 - March of 2017: 602 forms mailed, 322 returned, compliance rate = 53%



Residential Exemption

- The exemption reduces by the adopted percentage, the taxable valuation of each residential parcel that is a taxpayer's principal residence.
- Adopting the exemption raises the tax rate which is borne by apartments, seasonal homes and higher valued residential properties.
- In FY17 there were 15 communities that adopted this exemption. Most of these communities had either a high percentage of seasonal renters or were more urban with a large rental inventory.

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Residential and CIP Levy Share

FISCAL YEAR	RES SHARE	CIP SHARE	TAX RATE	LEVY TOTAL	RESIDENTIAL	CIP	AVERAGE SF VALUE	HI-LO	AVG SF TAX BILL
2009	80.51	19.49	14.07	71,349,239	57,440,012	13,909,227	360,280	73	5,069
2010	80.42	19.58	15.15	73,559,750	59,292,284	14,267,466	347,700	67	5,268
2011	80.04	19.96	16.72	76,402,356	61,152,445	15,249,911	324,600	70	5,427
2012	80.45	19.55	17.49	78,965,974	63,524,613	15,441,361	323,200	70	5,653
2013	80.47	19.53	17.95	80,392,117	64,691,537	15,700,580	323,052	70	5,799
2014	80.68	19.32	18.98	84,216,426	67,943,960	16,272,466	322,380	67	6,119
2015	80.64	19.36	18.70	87,000,514	70,159,042	16,841,473	338,434	69	6,329
2016	80.68	19.32	18.03	89,718,236	72,386,736	17,331,500	362,700	71	6,539
2017	81.41	18.59	17.92	95,241,698	77,535,885	17,705,813	385,700	68	6,912
2018	81.66	18.34	17.96	97,968,735	80,002,323	17,966,412	399,500		7,175

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Impact of Tax Shift

<u>Class</u>	<u>Value</u>	<u>%</u>	<u>R & O %</u>
Res	4,454,472,335	81.66	
OS		0.00	81.66
Com	443,653,085	8.13	
Ind	395,021,500	7.24	CIP%
PP	<u>161,682,430</u>	<u>2.96</u>	18.34
Total	5,454,829,350	100	
	97,968,735		

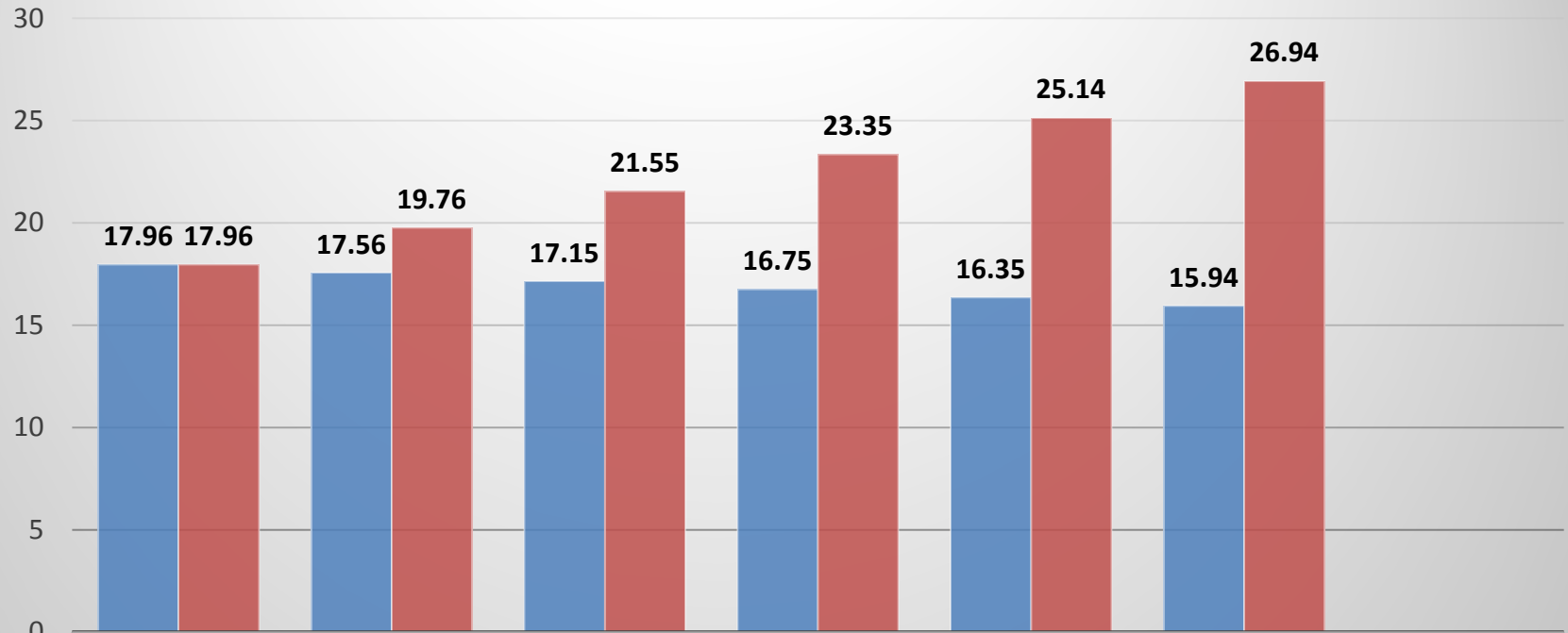
Shift						Res.	Res.	Res.	Res.	Com.	Ind.
	Res	Com	Ind	PP	200,000	300,000	350,000	400,000	750,000	900,000	
1.00	17.96	17.96	17.96	17.96	3,592	5,388	6,286	7,184	13,470	16,164	
1.10	17.56	19.76	19.76	19.76	3,511	5,267	6,145	7,023	14,817	17,780	
1.20	17.15	21.55	21.55	21.55	3,431	5,146	6,004	6,861	16,164	19,397	
1.30	16.75	23.35	23.35	23.35	3,350	5,025	5,862	6,700	17,511	21,013	
1.40	16.35	25.14	25.14	25.14	3,269	4,904	5,721	6,539	18,858	22,630	
1.50	15.94	26.94	26.94	26.94	3,189	4,783	5,580	6,377	20,205	24,246	

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Impact on Taxes of Split Rates



	7,184	13,470	7,023	14,817	6,861	16,164	6,700	17,511	6,539	18,858	6,377	20,205	
■ 400,000 Res	17.96	17.96	17.56	19.76	17.15	21.55	16.75	23.35	16.35	25.14	15.94	26.94	
■ 750,000 CIP	17.96	17.96	19.76	19.76	21.55	21.55	23.35	23.35	25.14	25.14	26.94	26.94	

■ 400,000 Res ■ 750,000 CIP



SMALL COMMERCIAL EXEMPTION

- A Small Commercial Exemption of up to 10% of the valuation of eligible Commercial parcels may be adopted.
- To be eligible, the Commercial parcels must have a valuation of less than \$1,000,000 and an average annual employment of no more than 10 people at all location.
- The SCE is in addition to any other local tax policy options available.
- Any SCE granted is borne by the other non-eligible Commercial parcels and all Industrial parcels, not by Personal Property.

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ASSUPTIONS:						
ELIGIBLE CLASS THREE PARCELS						
FFCV		47,122,000				
EXEMPT PERCENTAGE		10%				
EXEMPT VALUATION		4,712,200				
TAXABLE ASSESSED VALUATION		42,409,800				

Tax Rate Without a Small Commercial Exemption

CLASS	LEVY%	LEVY	FFCV	TAX RATE
R & O	81.66	80,002,323.14	4,454,472,335	17.96
CIP	18.34	<u>17,966,411.99</u>	1,000,357,015	17.96
		97,968,735	5,454,829,350	

Tax Rate With a Small Commercial Exemption

R & O	81.66	80,002,323	4,454,472,335	17.96
C & I	15.37	15,062,595	833,962,385	18.06
P	2.96	<u>2,903,816</u>	161,682,430	17.96
		97,968,735	5,450,117,150	

To Calculate the C & I Rax Rate the Exempted Value of \$4,712,200 is subtracted from the C & I value.

Tax Impact on Eligible and Non-Eligible Parcels Valued at \$450,000

	Without Exemption	With Exemption
Eligible	450,000	405,000
	450,000 x 17.96 = 8,082	405,000 x 18.06 = 7,314
Non-Eligible	450,000	450,000
	450,000 x 17.96 = 8,082	450,000 x 18.06 = 8.127

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ELIGIBLE CLASS THREE PARCELS							
FFCV		47,122,000					
EXEMPT PERCENTAGE		10%					
EXEMPT VALUATION		4,712,200					
TAXABLE ASSESSED VALUATION		42,409,800					
110% Shift Residential Factor of .9775							
Tax Rate Without a Small Commercial Exemption							
CLASS		LEVY%		LEVY		FFCV	TAX RATE
R & O		79.83		78,205,600		4,454,472,335	17.56
CIP		20.17		19,763,135		1,000,357,015	19.76
						5,454,829,350	
Tax Rate With a Small Commercial Exemption							
CLASS		LEVY%		LEVY		FFCV	TAX RATE
R & O		79.83		78,205,600		4,454,472,335	17.56
C & I		16.91		16,568,855		833,962,385	19.87
P		3.26		3,194,285		161,682,430	19.76
		100.00		97,968,739		5,450,117,150	
Tax Impact on Eligible and Non-Eligible Parcels Valued at \$450,000							
	Without Exemption				With Exemption		
Eligible	450,000				405,000		
	450,000 x 19.76 = 8,892				405,000 x 19.87 = 8,047		
Non-Eligible	450,000				450,000		
	450,000 x 19.76 = 8,892				450,000 x 19.87 = 8,942		

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Class	Value	%	R & O %
Res	4,454,472,335	81.66	
OS		0.00	81.66
Com	443,653,085	8.13	
Ind	395,021,500	7.24	CIP%
PP	161,682,430	2.96	18.34
Total	5,454,829,350	100	
	97,968,735		

The C & I Tax Rates assume a 10% Commercial Exemption which equates to \$4,712,200 in value.

Shift	Res	Com	Ind	PP	Res.	Res.	Res.	Eligible	Non-Eligible	Ind.
					200,000	300,000	400,000	Commercial	Commercial	900,000
1.00	17.96	18.06	18.06	17.96	3,592	5,388	7,184	12,191	13,546	16,255
1.10	17.56	19.87	19.87	19.76	3,511	5,267	7,023	13,411	14,901	17,881
1.20	17.15	21.67	21.67	21.55	3,431	5,146	6,861	14,630	16,255	19,506
1.30	16.75	23.48	23.48	23.35	3,350	5,025	6,700	15,849	17,610	21,132
1.40	16.35	25.29	25.29	25.14	3,269	4,904	6,539	17,068	18,965	22,757
1.50	15.94	27.09	27.09	26.94	3,189	4,783	6,377	18,287	20,319	24,383

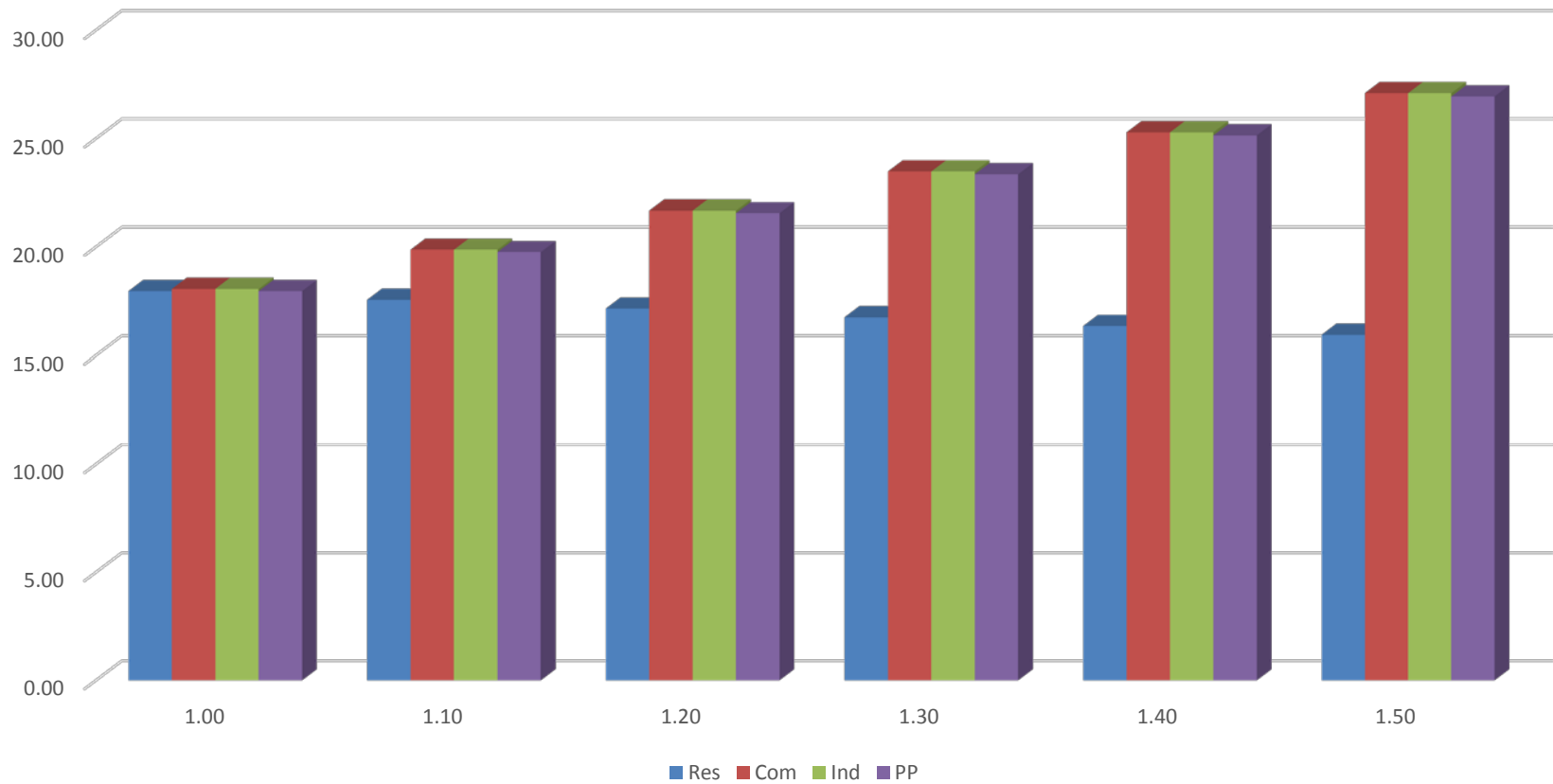
Taxes are calculated for the eligible parcel by subtracting 75,000 (10%) from the value and multiplying it by the TR.

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Impact of 10% SCE on Split Rates



Municipality	FY17 Avg SF Tax Bill	Residential	CIP Value	Total Assessed Value	R/O % of Total Value	CIP % of Total Value	R/O % of Total Levy	CIP % of Total Levy	CIP Shift	Excess Levy Capacity
Chelmsford	6,912	4,275,711,081	975,948,835	5,251,659,916	81.4	18.6	81.42	18.58	1.00	465,898
Communities Contiguous to Chelmsford										
Billerica	4,784	4,449,517,736	1,557,405,345	6,006,923,081	74.1	25.9	54.62	45.38	1.75	9,972,702
Lowell	3,788	5,923,168,310	1,167,116,940	7,090,285,250	83.5	16.5	71.19	28.81	1.75	16,674,499
Tewksbury	5,840	3,548,734,929	743,014,001	4,291,748,930	82.7	17.3	73.68	26.32	1.52	60,189
Tyngsborough	5,921	1,312,971,720	193,222,622	1,506,194,342	87.2	12.8	87.17	12.83	1.00	119,573
Westford	8,054	3,770,458,240	645,074,715	4,415,532,955	85.4	14.6	85.39	14.61	1.00	36,065
Carlisle	14,062	1,430,419,410	26,246,088	1,456,665,498	98.2	1.8	98.20	1.80	1.00	2,089,898
Next Level of Communities										
Bedford	9,508	2,729,119,905	695,374,920	3,424,494,825	79.7	20.3	64.46	35.54	1.75	3,468,953
Concord	13,895	5,470,440,285	503,276,117	5,973,716,402	91.6	8.4	91.58	8.42	1.00	4,332,751
Acton	10,696	3,738,480,702	491,973,811	4,230,454,513	88.4	11.6	88.37	11.63	1.00	989,954
Littleton	7,288	1,331,660,553	376,059,656	1,707,720,209	78.0	22.0	69.38	30.62	1.39	7,323
Groton	7,822	1,557,637,317	96,529,167	1,654,166,484	94.2	5.8	94.16	5.84	1.00	178,841
Dunstable	7,144	482,972,280	15,779,978	498,752,258	96.8	3.2	96.84	3.16	0.99	150,439
Andover	9,170	6,191,555,580	1,473,754,609	7,665,310,189	80.8	19.2	70.68	29.32	1.53	1,323,435
Dracut	4,440	2,903,842,448	302,354,198	3,206,196,646	90.6	9.4	90.57	9.43	1.00	29,577
Wilmington	6,125	3,182,585,028	937,146,186	4,119,731,214	77.3	22.7	60.19	39.81	1.75	28,266
Burlington	4,934	3,604,357,624	2,241,969,831	5,846,327,455	61.7	38.3	38.75	61.25	1.60	8,203,886
Next Level of Communities										
Methuen	4,279	4,279,398,912	755,319,585	5,034,718,497	85.0	15.0	75.34	24.66	1.64	362,818
Lawrence	2,947	2,683,174,883	718,341,477	3,401,516,360	78.9	21.1	63.04	36.96	1.75	1,921,877
North Andover	7,290	4,068,321,236	570,245,642	4,638,566,878	87.7	12.3	83.28	16.72	1.36	865,929
North Reading	8,565	2,578,468,558	356,573,551	2,935,042,109	87.9	12.1	87.85	12.15	1.00	6,361
Reading	7,486	4,248,195,850	375,239,374	4,623,435,224	91.9	8.1	91.88	8.12	1.00	43,811
Woburn	4,073	4,870,083,757	1,968,945,243	6,839,029,000	71.2	28.8	49.61	50.39	1.75	17,325,212
Lexington	13,506	9,361,100,630	1,228,355,980	10,589,456,610	88.4	11.6	79.70	20.30	1.75	94,519
Lincoln	15,185	1,955,792,609	86,049,228	2,041,841,837	95.8	4.2	94.52	5.48	1.30	11,826
Wayland	12,529	3,282,868,662	174,270,238	3,457,138,900	95.0	5.0	94.96	5.04	1.00	8,032,462
Sudbury	12,520	4,128,077,415	280,876,280	4,408,953,695	93.6	6.4	91.21	8.79	1.37	135,210
Stow	9,251	1,111,475,300	106,543,810	1,218,019,110	91.3	8.7	91.25	8.75	1.00	1,082,011
Boxborough	9,464	809,814,667	244,161,357	1,053,976,024	76.8	23.2	76.83	23.17	1.00	2,052,828
Harvard	10,196	1,043,456,250	53,684,837	1,097,141,087	95.1	4.9	95.11	4.89	1.00	153,650
Ayer	4,282	717,378,800	380,740,800	1,098,119,600	65.3	34.7	46.95	53.05	1.53	1,239,496
Shirley	4,662	565,348,305	67,881,734	633,230,039	89.3	10.7	89.28	10.72	1.00	7,246
Pepperell	4,794	1,122,871,137	71,236,566	1,194,107,703	94.0	6.0	94.03	5.97	1.00	2,492

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Avg Single Family Tax Bill in FY17 \$6,912

Avg Comm/Ind Tax Bill FY17 \$21,680

Avg Single Family Value in Chelmsford \$400,000

Avg Com/Ind Value in Chelmsford \$1,260,600

	Shift	Res Tax Rate	Taxes			
Proposed	1.00	17.96	\$7,184	1.00	17.96	\$22,640
	1.10	17.56	\$7,023	1.10	19.76	\$24,904
	1.17	17.27	\$6,910	1.17	21.01	\$26,485
	1.20	17.15	\$6,861	1.20	21.55	\$27,166
	1.30	16.75	\$6,700	1.30	23.35	\$29,435
	1.40	16.35	\$6,539	1.40	25.14	\$31,691
	1.50	15.94	\$6,377	1.50	26.94	\$33,961