

# **TOWN OF MIDDLETON PROPERTY TAX CLASSIFICATION HEARING PRESENTATION AND INFORMATION FISCAL YEAR 2023**

**Tuesday November 29, 2022**

**Prepared by the Board of Assessors**

**Toula Guarino M.A.A. -Chair**

**Meredith Stone M.A.A. - Clerk**

**Deborah J. Carbone M.A.A.**

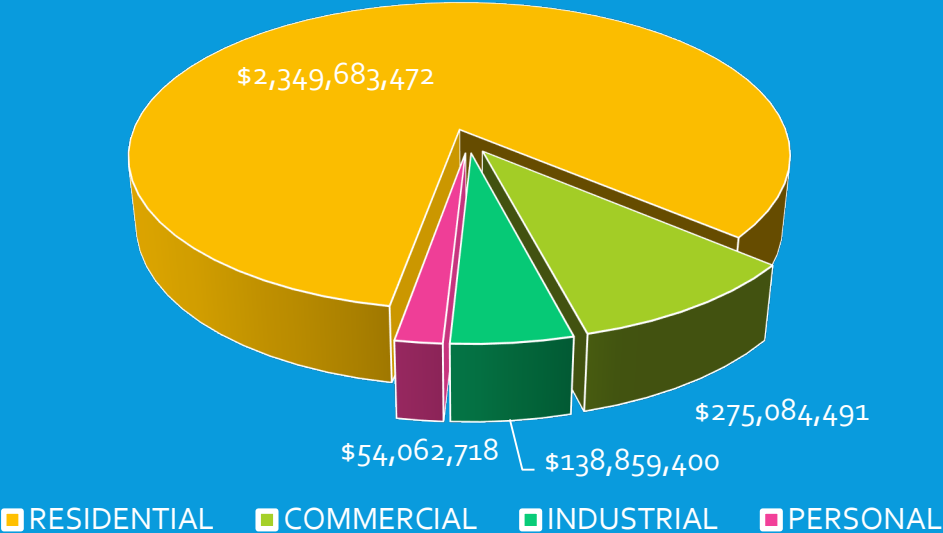
**Bradford W. Swanson M.A.A. Chief Assessor**

**Therese A. Fontaine M.A.A./ Kate B. Davies - Deputy Assessor**

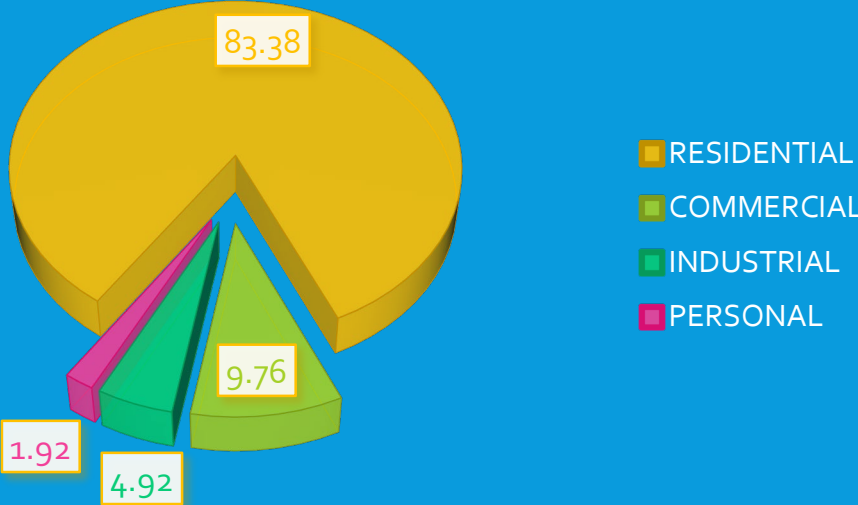
**Jodi Fish P/T Assessing Clerk/Data Collector**

# RELEVANT INFORMATION

TOTAL VALUATION OF MIDDLETON FY 2023



% OF VALUATION



# ROLE OF THE SELECT BOARD

- This information is intended to provide the Board of Selectmen with the necessary information to conduct a Public Hearing on the tax classification options available under the Massachusetts General Laws.
- During the Commonwealth mandated Classification Hearing, the Board of Selectmen must vote on the following in order to establish a tax rate:
  - *Open Space Discount*
  - *Residential Exemption*
  - *Small Commercial Exemption*
  - *Classification (shifting of the tax rate)*



# OPEN SPACE DISCOUNT

- **Open space is land maintained in an open or natural condition which contributes significantly to the benefit and enjoyment of the public and which is not:**
  - **Subject to a permanent conservation restriction;**
  - **Held for the production of income;**
  - **Taxable under the provisions of:**
    - **Chapter 61 (forestry)**
    - **Chapter 61A (agricultural land)**
    - **Chapter 61B (recreation land)**



**The Board of Selectmen may discount up to 25% of the Open Space share of taxes.**

**Of the 351 municipalities in Massachusetts, 19 classify property as Open Space (2 with a discount):**

*Ashland, Bedford, Berlin, Beverly, Dennis, Erving, Falmouth, Leominster, Mashpee, Nantucket, New Ashford, Newburyport, Norfolk, Paxton, Rowley, South Hadley, Sturbridge, Whately, and Winthrop.*

**The Board of Assessors has determined that Middleton does not have any Open Space land. Most large parcels are in a Chapter program.**

# RESIDENTIAL EXEMPTION

- **The Board of Selectmen may adopt an exemption of up to 35% to shift the Residential Class tax burden from lower assessed properties that are the principal residence of a taxpayer to higher assessed properties and properties that are not the principal residence of a taxpayer.**
- **The following sixteen municipalities allow a residential exemption. Note that these communities are large cities and/or oceanfront communities with large rental or second homes.**
- *Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Oak Bluffs, Provincetown, Somerville, Tisbury, Truro, Waltham, Watertown and Wellfleet.*
- **The next page illustrates an example:**

|                                |    |               |
|--------------------------------|----|---------------|
| <b>RESIDENTIAL CLASS VALUE</b> | \$ | 2,349,683,472 |
| <b>PARCELS</b>                 |    | 3,434         |
| <b>AVERAGE</b>                 | \$ | 684,241       |
| <b>EXEMPTION %</b>             |    | 20%           |
| <b>EXEMPT VALUE/PARCEL</b>     | \$ | 136,848       |
| <b>PARCELS</b>                 |    | 3,434         |
| <b>TOTAL EXMPT VALUE</b>       | \$ | (469,936,694) |
| <b>NEW RESDTL VALUE</b>        | \$ | 1,879,746,778 |
| <b>RESIDENTIAL TAXES</b>       | \$ | 30,240,426    |
| <b>NEW RESDTL TAX RATE</b>     | \$ | 16.09         |

#### **EXAMPLES**

|                               |    |           |    |           |    |           |
|-------------------------------|----|-----------|----|-----------|----|-----------|
| <b>ASSESSED VALUE</b>         | \$ | 534,241   | \$ | 684,241   | \$ | 834,241   |
| <b>TAX RATE W/O EXEMPTION</b> | \$ | 12.87     | \$ | 12.87     | \$ | 12.87     |
| <b>TAXES PAID</b>             | \$ | 6,875.68  | \$ | 8,806.18  | \$ | 10,736.68 |
| <b>SAVINGS/COSTS</b>          | \$ | (482.62)  | \$ | -         | \$ | 482.63    |
| <b>TAXES PAID</b>             | \$ | 6,393.06  | \$ | 8,806.18  | \$ | 11,219.31 |
| <b>TAX RATE W/O EXEMPTION</b> | \$ | 16.09     | \$ | 16.09     | \$ | 16.09     |
| <b>NEW ASSESSED VALUE</b>     | \$ | 397,393   | \$ | 547,393   | \$ | 697,393   |
| <b>EXEMPT VALUE/PARCEL</b>    | \$ | (136,848) | \$ | (136,848) | \$ | (136,848) |
| <b>ASSESSED VALUE</b>         | \$ | 534,241   | \$ | 684,241   | \$ | 834,241   |

# SMALL COMMERCIAL EXEMPTION:

- **The Board of Selectmen may adopt an exemption of up to 10% to shift the Commercial Class tax burden from eligible parcels to ineligible parcels. Eligible parcels must have:**

- **Be Class Three, Commercial, property.**

- **Be occupied solely by businesses with an average annual employment of 10 or under at all locations during the prior calendar year. (Assessors may determine annual employment for a sole proprietorship or partnership. For all other businesses, they must rely solely on the determination of the Director of Labor and Workplace Development.)**

- **Have an assessed valuation of \$1,000,000 or less before the application of the exemption.**



# SMALL COMMERCIAL EXEMPTION

- **The following communities have adopted the exemption:**
  - *Auburn, Avon, Bellingham, Berlin, Braintree, Chelmsford, Dartmouth, Erving, New Ashford, North Attleborough, Seekonk, Swampscott, Somerset, Westford and Wrentham.*

**The mechanics of the Small Commercial Exemption are similar to the Residential Exemption.**

**An annual application process is required confirming payroll information**

# CLASSIFICATION:

- An amendment to the Massachusetts Constitution endorsed by the electorate in 1978 resulted in the Classification Act. This Act requires municipalities to classify real property into one of four classes, according to use: residential, open space, commercial and industrial.
- Cities and towns that are certified as assessing property at full and fair cash value may elect to shift the tax burden among the major property classes within certain limits established by law. The adoption of different rates does not change the total property tax levy; rather it determines the share of the total levy to be borne by each class.
- The share of the levy raised by the commercial and industrial classes and personal property may be increased 50% as long as the residential and open space classes raise at least 65% of what they would have raised without the shift.

**Of 351 municipalities in the Commonwealth, 108 (30.7%) shift the tax rate.**

**Of the 108, 66 (61.1%) shift over 1.50.**

**In Essex County, the following communities shift their rate:**

*Andover, Beverly, Danvers, Gloucester, Haverhill, Lawrence, Lynnfield, Lynn, Methuen, North Andover, Peabody, Salem, Saugus, and Swampscott.*

**\*Please note that most of these communities are larger cities or towns and only four shift under 1.50.**

**The "Minimum Residential Factor" or MRF established by the Commissioner of Revenue is used to make certain that the shift of the tax burden complies with the Classification Act. If the minimum residential factor would be less than .650000, the community cannot make the maximum shift and must use a CIP factor less than 1.50.**

**In Middleton, The Select Board may shift the Town's tax burden from the Residential Class to the Commercial, Industrial and Personal Property Classes as long as the shift does not exceed the Minimum Residential Factor (MRF). Middleton's Minimum Residential Factor is 90.04 %.**

**The following pages contain information on the development of the Minimum Residential Factor (MRF) and on the impact of any shift of the tax rate:**

| CLASS          | VALUE                   | PERCENT        | RATE<br>100% | RATE<br>110% | RATE<br>125% | RATE<br>150% | TAXES PAID<br>100%   | TAXES PAID<br>110%  | TAXES PAID<br>125%   | TAXES PAID<br>150%   |
|----------------|-------------------------|----------------|--------------|--------------|--------------|--------------|----------------------|---------------------|----------------------|----------------------|
| 1. RESIDENTIAL | \$ 2,349,683,472        | 83.39%         | \$ 12.87     | \$ 12.61     | \$ 12.23     | \$ 11.59     | \$ 30,240,426        | \$ 29,638,102       | \$ 28,734,615        | \$ 27,228,804        |
| 2. OPEN SPACE  | \$ -                    | 0.00%          | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ -                 | \$ -                | \$ -                 | \$ -                 |
| 3. COMMERCIAL  | \$ 275,084,491          | 9.76%          | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ 3,540,337         | \$ 3,894,371        | \$ 4,425,422         | \$ 5,310,506         |
| 4. INDUSTRIAL  | \$ 138,859,400          | 4.93%          | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ 1,787,120         | \$ 1,965,833        | \$ 2,233,901         | \$ 2,680,681         |
| 5. PERSONAL    | \$ 54,062,718           | 1.92%          | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ 695,787           | \$ 765,366          | \$ 869,734           | \$ 1,043,681         |
|                | <u>\$ 2,817,690,081</u> | <u>100.00%</u> |              |              |              |              | <u>\$ 36,263,671</u> | <u>\$ 1,623,604</u> | <u>\$ 36,263,671</u> | <u>\$ 36,263,671</u> |

| CLASS  | PARCELS | AVE VALUE    | RATE<br>100% | RATE<br>110% | RATE<br>125% | RATE<br>150% | AVE TAXES<br>PAID @ 100% | AVE TAXES<br>PAID @ 110% | AVE TAXES<br>PAID @ 125% | AVE TAXES<br>PAID @ 150% |
|--|---------|--------------|--------------|--------------|--------------|--------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. RESIDENTIAL   | 3434    | \$ 684,241   | \$ 12.87     | \$ 12.61     | \$ 12.23     | \$ 11.59     | \$ 8,806                 | \$ 8,631                 | \$ 8,368                 | \$ 7,929                 |
| 2. OPEN SPACE  | 0       | \$ -         | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ -                     | \$ -                     | \$ -                     | \$ -                     |
| 3. COMMERCIAL  | 179     | \$ 1,536,785 | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ 19,778                | \$ 21,756                | \$ 24,723                | \$ 29,668                |
| 4. INDUSTRIAL  | 81      | \$ 1,714,314 | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ 22,063                | \$ 24,270                | \$ 27,579                | \$ 33,095                |
| 5. PERSONAL  | 330     | \$ 163,826   | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ 2,108                 | \$ 2,319                 | \$ 2,636                 | \$ 3,163                 |
| AVERAGE SINGLE FAMILY HOUSE<br>TAX SAVINGS @ CLASSIFIED RATE |         | \$ 808,346   | \$ 12.87     | \$ 12.61     | \$ 12.23     | \$ 11.59     | \$ 10,403                | \$ 10,196<br>\$ (207)    | \$ 9,885<br>\$ (518)     | \$ 9,367<br>\$ (1,036)   |
| TAX COSTS @ CLASSIFIED RATE<br>AVERAGE C&I PROPERTY          |         | \$ 1,592,092 | \$ 12.87     | \$ 14.16     | \$ 16.09     | \$ 19.31     | \$ 20,490                | \$ 22,539<br>\$ 2,049    | \$ 25,613<br>\$ 5,123    | \$ 30,735<br>\$ 10,245   |

# OPTIONS TO VOTE:

- Vote to discount Open Space?
- Vote on Residential Exemption?
- Vote on Small Commercial Exemption?
- Vote on Classification: Single or split rate?



# THANK YOU!

- I would like to thank my Board and staff for their efforts during the year and for the inter-cooperation of other town departments.