



Town of Shirley FY2015 Tax Classification Hearing

Recommendation presented by the

Board of Assessors

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The Board of Assessors recommends adopting a Residential Factor of 1 to maintain a single tax rate. In order to continually provide the public with relevant information, we have developed this presentation to include several tax related topics.

Summary of FY2015 Interim Year Adjustment

As a result of the market analysis of calendar year 2013 sales, the total assessed value of the town increased by \$24 million. This is the first fiscal year since FY2007 that valuations have increased due to higher sale prices and greater sales volume.

Total Assessed Value



The FY2015 Estimated Tax Rate

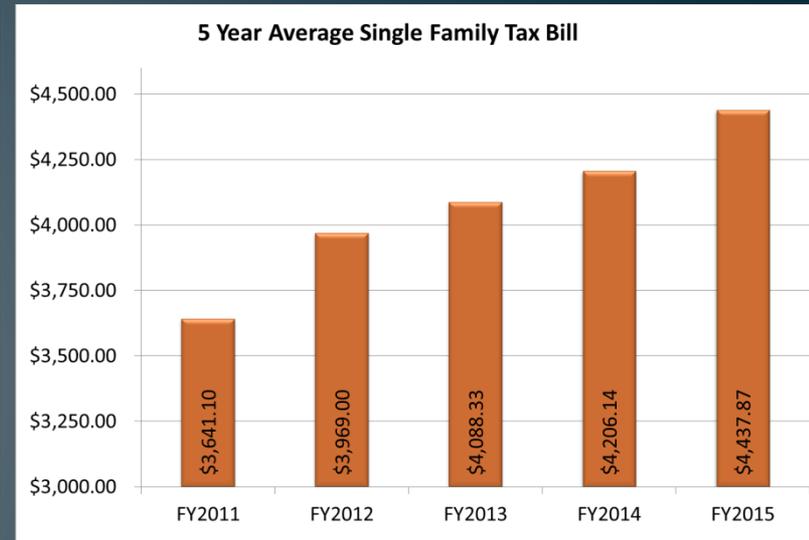
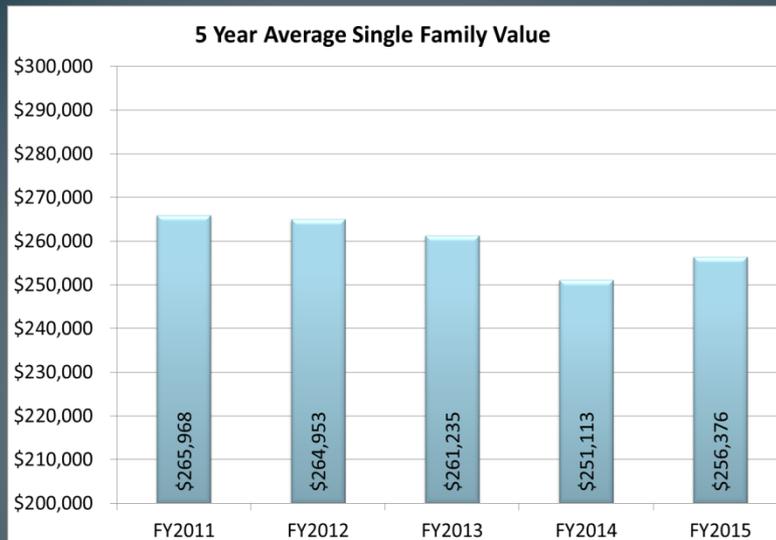
- The amount to be raised by taxation called the property tax levy, is divided by the tax base which is the total assessed value of all taxable property, and is multiplied by 1000 to produce the tax rate per thousand dollars of assessed valuation.

Estimated

$$\frac{\text{Property Tax Levy } \$9,858,904.58}{\text{Assessed Value } \$569,549,658} \times 1000 = \$17.31$$

- Though limited by Proposition 2 1/2, the tax levy continues to increase resulting from Town Meeting votes on our operating budget. In FY2004, the tax levy was 37% of total revenue sources; in FY2015 the tax levy will be 68% of total revenue sources.

Single Family Home Average Value & Average Tax Bill

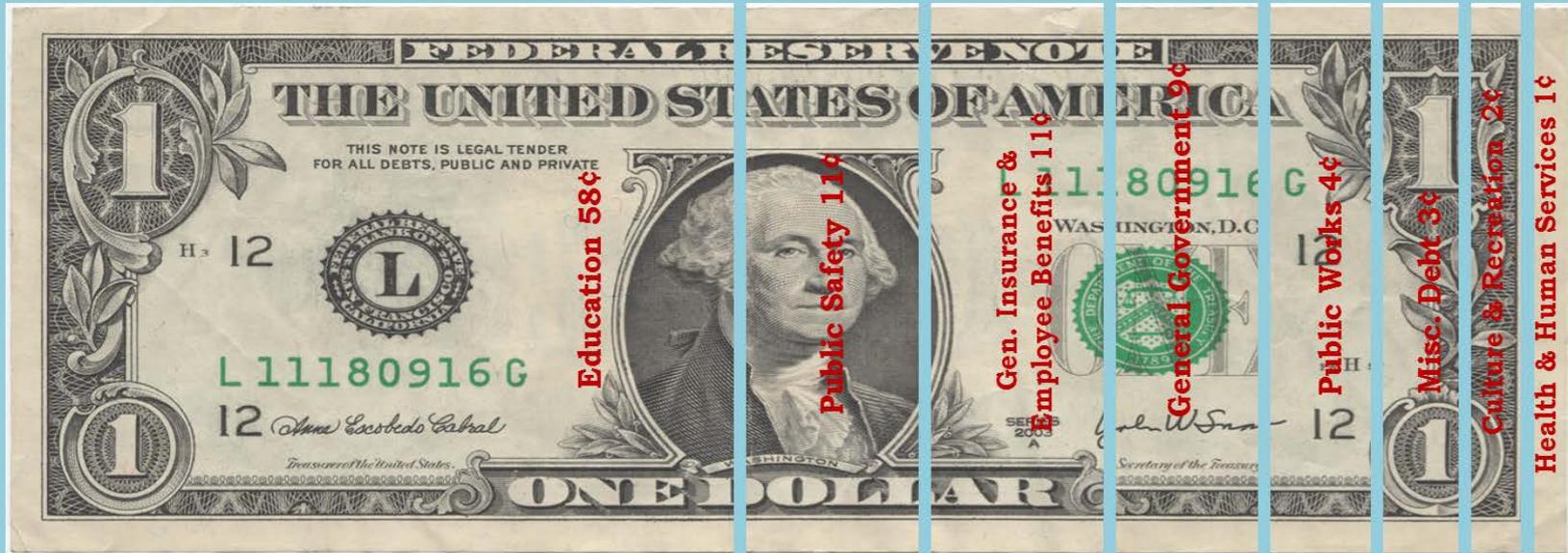


- The FY2015 average single family home tax bill is estimated at \$4,437.87, an increase of \$231.73 or 5.5% from FY2014's amount of \$4206.14. Of the \$231.73 increase, 70 % results from the debt repayment for the ASRSD High School Project, amounting to \$164.08 on the average tax bill.

How Your Tax Dollars Are Being Spent

Town of Shirley

Your Tax Dollar Where it Goes Based on FY2015 Budget



Tax Classification Hearing Options

Residential Factor

- Allows a shift in tax burden among major property classes, generally used to provide relief to the residential class by shifting burden to commercial, industrial and personal property classes.
- Residential class must maintain minimum residential factor.

Residential Exemption

- Used by seasonal/resort type communities to shift burden from principal residences by exemption up to 20% of the average residential assessed value.
- Burden shifts within residential class.

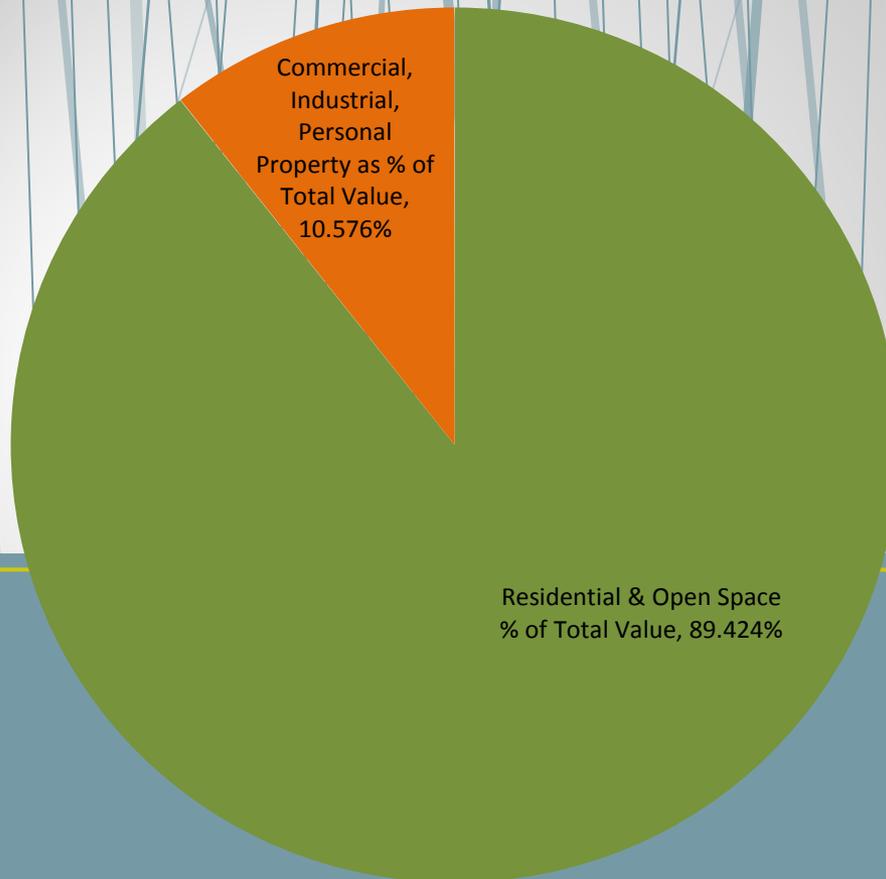
Open Space Discount

- Used for the purpose of preserving open space, conservation land, or land used for public enjoyment, this allows for a shift of the tax burden within the residential class of up to 25% of the Residential Factor

Small Commercial Exemption

- Up to 10% of assessed value of eligible commercial properties defined as businesses on DET list with assessment < \$1 million.
- Burden shifts within CIP classes from small businesses to larger businesses.

Comparison of Tax Bases by Property Class



Exploring the Adoption of a Residential Factor

FY2015 Shirley Tax Classification					FY2015 Tax Levy		\$9,858,904.58		
Determining Parameters - Residential Factor Options & Split Tax Rates									
A. CIP cannot pay more than 150% share of tax levy									
B. Residential Class must pay at least 65% of their share of tax levy; MRF can not be less than 65%									
MRF = %Levy Share / %Total Value									
	<u>Class</u>	<u>Value</u>	<u>% Total Value</u>	<u>Factor</u>	<u>% Levy Share</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Rate Change</u>	<u>Rate Chg per \$1 of CIP</u>
No Shift	Residential	\$509,313,720	89.424%	1	89.424	\$ 17.31	\$8,816,220.49	\$ -	
RF=	CIP	\$ 60,235,938	10.576%	1	10.576	\$ 17.31	\$1,042,684.09	\$ -	
1	Total	\$569,549,658	100.000%		100.000		\$9,858,904.58		
110% Shift	Residential	\$509,313,720	89.424%	0.883663	88.366	\$ 17.11	\$8,711,952.08	\$ (0.20)	\$ (0.12)
RF=	CIP	\$ 60,235,938	10.576%	1.1	11.634	\$ 19.04	\$1,146,952.50	\$ 1.73	\$ 1.00
98.817	Total	\$569,549,658	100.000%		100.000		\$9,858,904.58		
125% Shift	Residential	\$509,313,720	89.424%	0.867799	86.780	\$ 16.80	\$8,555,549.47	\$ (0.51)	\$ (0.12)
RF=	CIP	\$ 60,235,938	10.576%	1.25	13.220	\$ 21.64	\$1,303,355.11	\$ 4.33	\$ 1.00
97.043	Total	\$569,549,658	100.000%		100.000		\$9,858,904.58		
150% Shift	Residential	\$509,313,720	89.424%	0.841359	84.136	\$ 16.29	\$8,294,878.45	\$ (1.02)	\$ (0.12)
MRF=	CIP	\$ 60,235,938	10.576%	1.5	15.864	\$ 25.97	\$1,564,026.13	\$ 8.66	\$ 1.00
94.087	Total	\$569,549,658	100.000%		100.000		\$9,858,904.58		

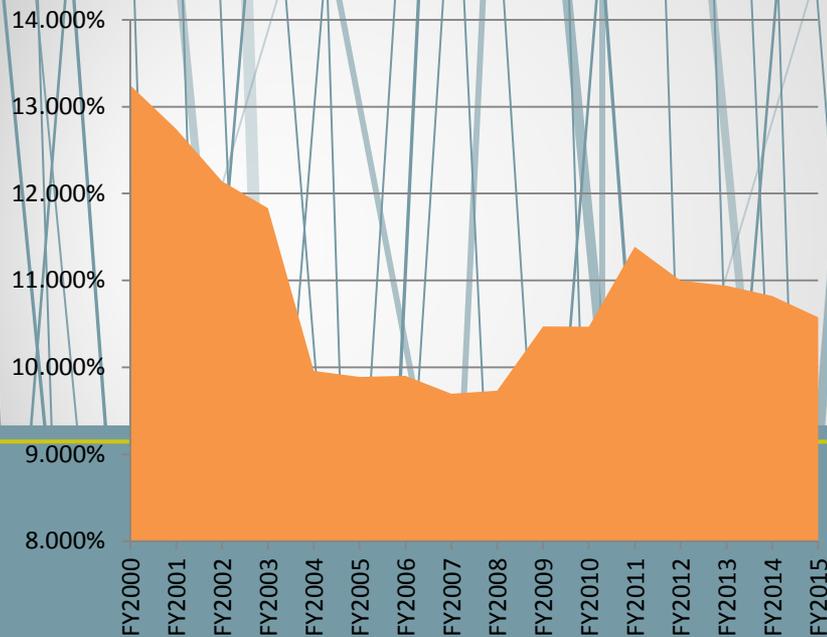
Impacts of Residential Factors on Property Tax Bills

Property Type Examples	FY2015	Taxes by Shift			
	Valuation	100%	110%	125%	150%
Residential Average Single Family	\$ 256,376.00	\$ 4,437.87	\$ 4,385.38	\$ 4,306.65	\$ 4,175.44
Tax Bill Change			\$ (52.49)	\$ (131.22)	\$ (262.43)
Residential Change %			-1%	-3%	-6%
Commercial Store/Restaurant	\$ 300,000.00	\$ 5,193.00	\$ 5,712.30	\$ 6,491.25	\$ 7,789.50
Tax Bill Change			\$ 519.30	\$ 1,298.25	\$ 2,596.50
Industrial Warehouse	\$3,000,000.00	\$ 51,930.00	\$57,123.00	\$64,912.50	\$77,895.00
Tax Bill Change			\$ 5,193.00	\$12,982.50	\$25,965.00
CIP Change %			10%	25%	50%

In FY2014, 110 out of 351 communities had a split tax rate.

Points To Note

Trend of recent fiscal years show decreasing CIP Tax Base % Commercial, Industrial, Personal Property Classes as % of Total Assessed Value



- How could we get to a point where we could reasonably consider shifting the tax burden?

What If Analysis- What it would take to get CIP Tax Base to 20%	Residential & Open Space Class Value	CIP Class Value
FY2015 Value	\$509,313,720	\$60,235,938
FY2015 %	89.424%	10.576%
FY2025 Projected Value	\$805,442,374.50	\$73,718,646.88
FY2025 Projected %	91.615%	8.385%
Economic Development adds \$120,000,000		
FY2025 Projected Value	\$805,442,374.50	\$200,008,956.87
FY2025 Projected %	80.108%	19.892%

Solar projects approved at STM will add \$10,000,000 to CIP tax base and increase tax base % of CIP classes by 1.3%.