



Fiscal Year 2020 Tax Classification Hearing

Thursday November 21, 2019

Presented by
the Board of Assessors

Lee Keomani, MAA
Principal Assessor

Overview of Tax Classification

The purpose of the Classification Hearing is to provide information to the Board of Selectmen in order for them to make policy decisions in accordance with the requirements of Chapter 40, Section 56 of the Massachusetts General Laws, as amended by Chapter 200 of the Acts of 1988.

Cities and towns that are certified as *assessing property at full fair cash value* by the Department of Revenue 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 (CIP) may be increased up to **50%** as long as the Residential and Open Space (R&O) classes raise at least **65%** of what they would have raised without the shift.

The “*Minimum Residential Factor*” 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 **.65%**, the community cannot make the maximum shift and must use a CIP factor of less than **1.50%**.

An *Open Space Discount, a Residential Exemption and Small Commercial Exemption* may also be chosen by communities. The choice of either or both of these first two affects the tax rate of Residential property, whether a community chooses to shift more to the CIP classes or not. The third option affects the tax rate of the Commercial and Industrial classes. The alternatives are considered and voted on annually by the Board of Selectmen.

Overview of Town

The Town of Millbury underwent a comprehensive reassessment (**Revaluation**) of all classes of property as required by the Department of Revenue and in accordance with Chapter 40, Section 56 of the Massachusetts General Laws that states in part that *“Every fifth year, the commissioner shall certify as to whether the board of assessors is assessing property at full and fair cash valuation”*.

The FY 2020 values are based on the value of property as of **January 1, 2019** and were primarily developed from **sales from calendar year 2018, commercial, industrial income and expense information forms, and personal property forms of list**. The analysis done by the Assessing department and our consultant from Vision Government Solutions saw the following general adjustments made:

- Single family properties increased in value by 5%
- Condominiums increased in value by 9%
- Multi-families and apartments increased in value by 21%
- Vacant land increased in value by 12%
- Commercial/industrial properties increased in value by 19%

The town also saw **51,932,003 in New Growth Value** that included:

- **34** new single family homes,
- **23** new townhouse condos,
- **2** new multi-families and **1** large apartment complex
- **10** new commercial/industrial buildings,

Overall, the town saw an increase in total value of **152,010,397** or **(9%)**

FY2020 TOTAL VALUES BY CLASS

Property Class	Description	Count	Assessed Value
101	Single Family	3,638	1,103,815,045
102	Condominiums	485	120,739,900
MISC 103,109	Miscellaneous Residential	37	14,529,400
104	Two - Family	325	87,379,000
105	Three - Family	84	24,779,100
111-125	Apartment	54	28,588,900
130-32,106	Vacant / Accessory Land	447	17,416,532
200-231	Open Space	0	0
300-393	Commercial	131	183,516,730
400-442	Industrial	71	67,931,700
450-452	Industrial Power Plant	5	3,138,337
CH 61 LAND	Forest	2	3,940
CH 61A LAND	Agriculture	31	239,190
CH 61B LAND	Recreational	0	0
012-043	Multi-use - Residential	31	26,491,233
012-043	Multi-use - Open Space	0	0
012-043	Multi-use - Commercial	21	10,644,137
012-043	Multi-use - Industrial	0	0
501	Individuals /Trusts / LLC	131	4,003,973
502	Corporations	160	7,957,528
503	Manufacturing	0	0
504	Public Utilities	4	100,052,294
505	Centrally Valued Telephone	7	11,735,000
506	Centrally Valued Pipelines	1	1,651,700
508	Wireless Telephone	4	1,654,657
550-552	Electric Generating Plant	2	2,925,655
Total Taxable	TOTAL REAL & PERSONAL	5,671	1,819,193,951
EXEMPT VALUE	Exempt Property	289	151,596,000
Total Class 1	TOTAL RESIDENTIAL	5,122	1,423,739,110
Total Class 2	TOTAL OPEN SPACE	0	0
Total Class 3	TOTAL COMMERCIAL	164	194,403,997
Total Class 4	TOTAL INDUSTRIAL	76	71,070,037
Total Class 5	TOTAL PERSONAL PROPERTY	309	129,980,807

Assessed Value Comparison

FY2019 vs FY2020

Town of Millbury as of January 1, 2019

Property Type	Description	FY 2019 Mix Use Parcel Count	FY 2019 Parcel Count	FY 2019 Assessed Value	FY 2020 Mix Use Parcel Count	FY 2020 Parcel Count	FY 2020 Assessed Value	Parcel Diff	Assessed Value Diff	Assessed Value % Diff
101	Single Family		3,598	1,042,491,800		3,638	1,103,815,045	40	61,323,245	5.9%
102	Condominiums		499	110,460,200		485	120,739,900	-14	10,279,700	9.3%
MISC 103,109	Miscellaneous Residential		37	14,214,200		37	14,529,400	0	315,200	2.2%
104	Two - Family		328	80,628,200		325	87,379,000	-3	6,750,800	8.4%
105	Three - Family		83	21,927,500		84	24,779,100	1	2,851,600	13.0%
111-125	Apartment		53	19,070,900		54	28,588,900	1	9,518,000	49.9%
130-32,106	Vacant / Accessory Land		495	19,520,752		447	17,416,532	-48	-2,104,220	-10.8%
200-231	Open Space		0	0		0	0	0	0	0
300-393	Commercial		143	148,973,000		131	183,516,730	-12	34,543,730	23.2%
400-442	Industrial		62	54,100,300		71	67,931,700	9	13,831,400	25.6%
450-452	Industrial Power Plant		2	597,885		5	3,138,337	3	2,540,452	424.9%
CH 61 LAND	Forest	1	1	3,136	1	1	3,940	0	804	25.6%
CH 61A LAND	Agriculture	10	22	202,516	9	22	239,190	-1	36,674	18.1%
CH 61B LAND	Recreational	1	0	185,975	0	0	0	-1	-185,975	-100.0%
012-043	Multi-use - Residential		53	23,581,501		52	26,491,233	-1	2,909,732	12.3%
012-043	Multi-use - Open Space		0	0		0	0	0	0	0
012-043	Multi-use - Commercial		0	7,545,699		0	10,644,137	0	3,098,438	41.1%
012-043	Multi-use - Industrial		0	0		0	0	0	0	0
501	Individuals / Partnerships / Associations / LLC		134	3,690,515		131	4,003,973	-3	313,458	8.5%
502	Corporations		151	8,144,689		160	7,957,528	9	-187,161	-2.3%
503	Manufacturing		0	0		0	0	0	0	0
504	Public Utilities		4	94,194,057		4	100,052,294	0	5,858,237	6.2%
505	Centrally Valued Telephone		7	11,598,100		7	11,735,000	0	136,900	1.2%
506	Centrally Valued Pipelines		1	1,599,500		1	1,651,700	0	52,200	3.3%
508	Wireless Telephone		4	1,373,492		4	1,654,657	0	281,165	20.5%
550-552	Electric Generating Plant		2	3,079,637		2	2,925,655	0	-153,982	-5.0%
EXEMPT VALUE	Exempt Property		282	144,360,100		289	151,596,000	7	7,235,900	5.0%
Total Class 1	TOTAL RESIDENTIAL		5,146	1,331,895,053		5,122	1,423,739,110	-24	91,844,057	6.9%
Total Class 2	TOTAL OPEN SPACE		0	0		0	0	0	0	0
Total Class 3	TOTAL COMMERCIAL		178	156,910,326		164	194,403,997	-14	37,493,671	23.9%
Total Class 4	TOTAL INDUSTRIAL		64	54,698,185		76	71,070,037	12	16,371,852	29.9%
Total Class 5	TOTAL PERSONAL PROPERTY		303	123,679,990		309	129,980,807	6	6,300,817	5.1%
Total Taxable	TOTAL REAL & PERSONAL		5,691	1,667,183,554		5,671	1,819,193,951	-20	152,010,397	9.1%

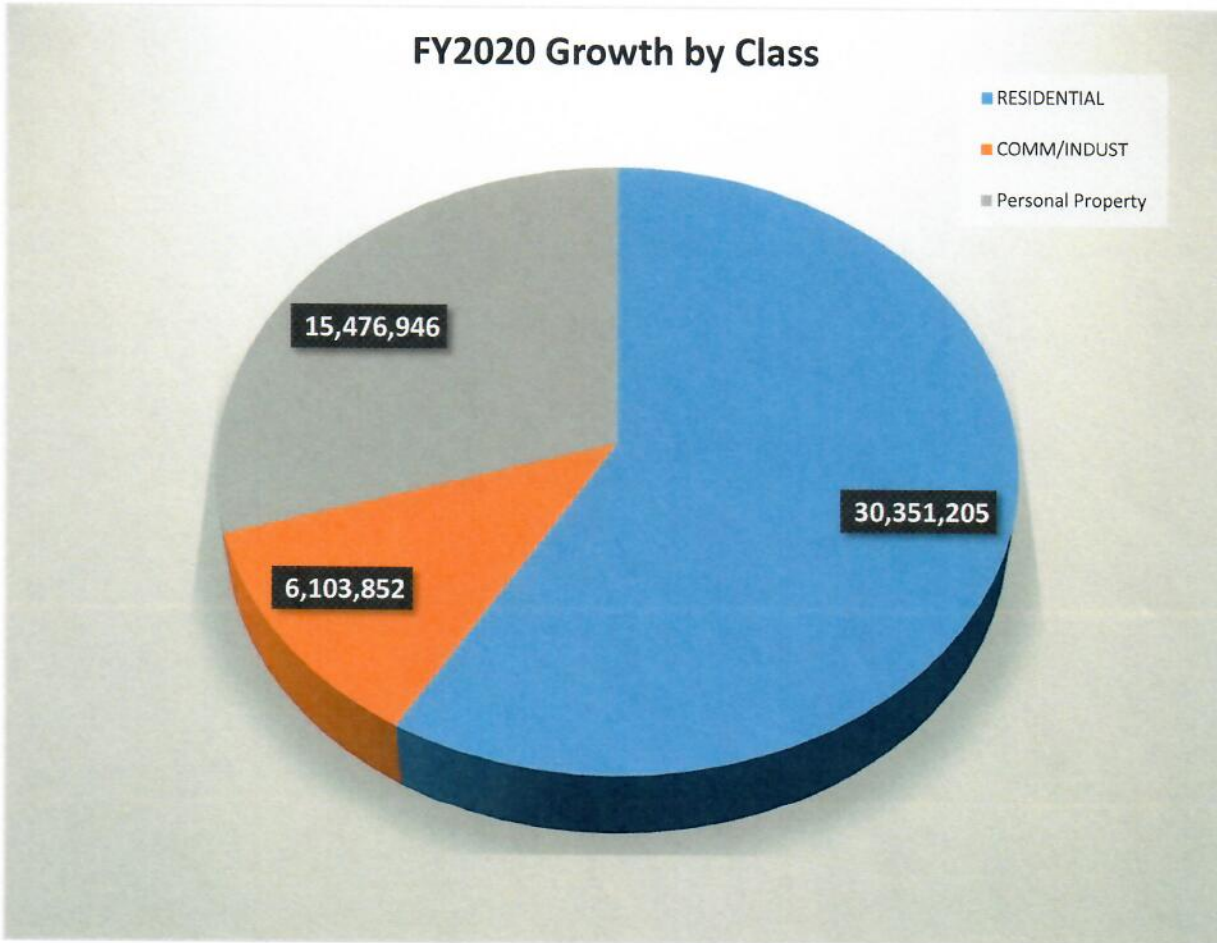
FY2020 NEW GROWTH

FY19 Tax Rate: (\$15.85)

	Value	Tax Dollars
RESIDENTIAL		
SINGLE FAMILY (101)	14,562,980	230,823
CONDOMINIUM (102)	7,507,700	118,997
Two & Three Fam (104,105)	419,400	6,647
Multi-fam (111,112)	6,713,600	106,411
Mix-use (013,031)	1,147,525	18,188
Total Residential	30,351,205	481,067

	Value	Tax Dollars
COMMERCIAL	1,588,100	25,171
INDUSTRIAL	4,515,752	71,575
PERSONAL PROPERTY	15,476,946	245,310
Total C.I.P.	19,992,698	316,884

FY2020 Growth by Class



RESIDENTIAL	30,351,205	481,067
COMM/INDUSTRIAL	6,103,852	96,746
PERSONAL PROPERTY	15,476,946	245,310
Overall New Growth	51,932,003	823,122

TOTAL

Minimum Residential Factor

The Board of Selectmen must vote to determine the percentage of the tax levy to be paid by each class of real property and personal property for the fiscal year. In determining these percentages, the Board of Selectmen must first adopt a residential factor that must be an amount not less than the Minimum Residential Factor (**MRF**) calculated by the Commissioner of Revenue.

The residential factor adopted governs the percentage of the tax levy to be borne by residential property owners.

The Board of Selectmen may vote to:

- (i) Adopt a residential factor of “1” that will result in the taxation of all classes of property at the same rate.
- (ii) Adopt a lower residential factor (no lower than statutory minimum of **65%** for Millbury) which will result in the residential class bearing a proportionately lower share of the total levy by shifting a larger portion to the commercial, industrial and personal property classes.

This second option is often referred to as a **split rate**: one for residential/ open space and the other for commercial/industrial/personal property.

The following shows the Minimum and Maximum shifts allowed for FY2020.

FY 2020

Minimum Residential Factor

(a)	(b)	(c)	(d)
	CLASS	Full and Fair Cash Value	Percentage Share
1	Residential	1,423,739,110	78.2621%
2	Open Space	0	0.0000%
3	Commercial	194,403,997	10.6863%
4	Industrial	71,070,037	3.9067%
5	Personal Property	129,980,807	7.1450%
	C-I-P Sub-Total	395,454,841	21.7379%
	TOTAL	\$1,819,193,951	100.0000%

Maximum Share of the Levy for Classes Three, Four, and Personal Property:

$$150\% \times 21.7379\% = \boxed{32.6069\%}$$

Lines
3D + 4D + 5D

Maximum Share (C.I.P.)

Minimum Share of the Levy for Classes One and Two:

$$100\% - 32.6069\% = \boxed{67.39\%}$$

Maximum Share

Minimum Share (RES)

Minimum Residential Factor (MRF):

$$\frac{67.3931\%}{\text{Minimum Share}} \div \frac{78.2621\%}{\text{Lines 1D + 2D}} = \boxed{86.1121\%}$$

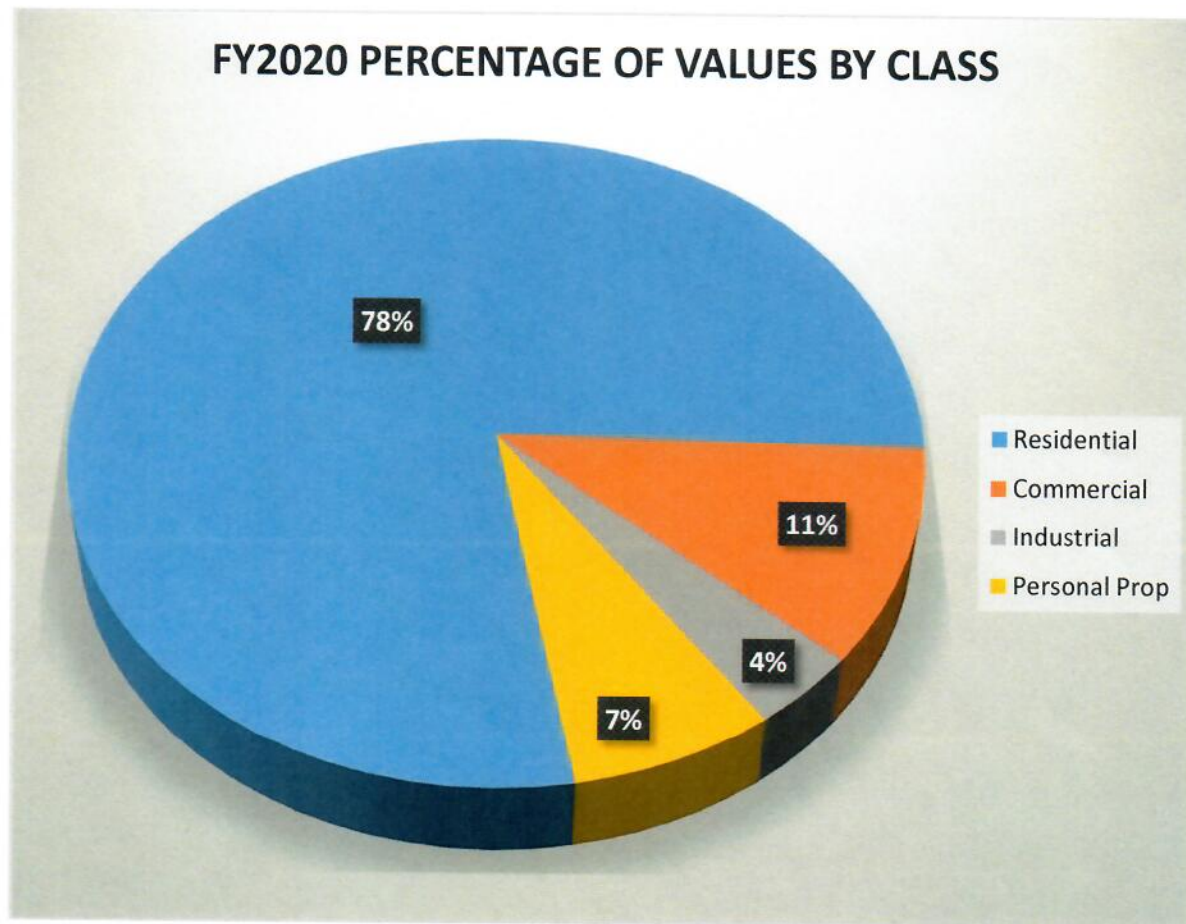
Minimum Residential Factor

Minimum and Maximum Levy Percentages					
Minimum Residential Levy % =	86.1121%	x	78.2621%	=	67.3931%
Maximum CIP Levy% =	100%	-	67.3931%	=	32.6069%
Total				=	100.0000%

PERCENTAGE OF VALUES BY CLASS

FY2019			
Residential	1,331,895,053	80%	
Commercial	156,910,326		
Industrial	54,698,185		
Personal Prop	123,679,990		
C.I.P.	335,288,501	20%	
Total		1,667,183,554	

FY2020			
Residential	1,423,739,110	78%	
Commercial	194,403,997		
Industrial	71,070,037		
Personal Prop	129,980,807		
C.I.P.	395,454,841	22%	
Total		1,819,193,951	



	Difference	% Increase
Residential	91,844,057	7%
Commercial	37,493,671	24%
Industrial	16,371,852	30%
Personal Prop	6,300,817	5%
C.I.P.	60,166,340	18%
Total		152,010,397
		9%

Residential Factor of “1”

Should the Board of Selectmen vote to adopt a residential factor of “1”, then the estimated tax rate for Fiscal 2020 would be **\$15.34** for all classes.

Estimated Levy:	\$ 27,908,130
Value of Town:	\$ 1,819,193,951
$(0.0153409) \times 1000 =$	\$15.34 (Rounded) Single Tax Rate

The resulting estimated tax bills would be as followed:

Tax on the Average Residential Parcel would be: **\$4,654.36**
(Based on Average Single Family Value **(303,413)**)

Tax on the Average Commercial Parcel would be: **\$21,489.67**
(Based on Average Commercial Value **(1,400,891)**)

Tax on the Median Residential Parcel would be: **\$4,278.33**
(Based on Median Single Family Value **(278,900)**)

Tax on the Median Commercial Parcel would be: **\$7,765.11**
(Based on Median Commercial Value **(506,200)**)

Historically, the Board of Selectmen has voted a residential factor of “1” resulting in a Single Tax Rate.

MILLBURY HISTORICAL TAX RATES

Year	Tax Rate
1960	93.00
1961	104.00
1962	108.00
1963	122.00
1964	114.00
1965	144.00
1966	104.00
1967	108.00
1968	132.00
1969	160.00
1970	174.00
1971	200.00
1972	202.00
1973	218.00
1974	106.00

1975	232.00
1976	247.00
1977	262.00
1978	281.00
1979	274.00
1980	252.00
1981	281.00

1982	24.80	1st yr. @ 100%
1983	24.40	
1984	24.47	
1985	20.10	Reval
1986	19.75	
1987	20.30	
1988	9.94	Reval
1989	10.78	
1990	11.03	
1991	10.46	Reval
1992	10.80	
1993	11.10	
1994	13.26	Reval
1995	13.73	
1996	14.51	

Year	Tax Rate	
1997	14.27	Reval
1998	14.60	
1999	16.00	
2000	15.66	Reval
2001	18.82	
2002	19.16	
2003	15.00	Reval
2004	15.02	
2005	11.58	
2006	11.41	Reval

SPLIT RATE	2007	10.44	Res
	2007	11.33	Comm
	2008	11.41	
	2009	11.72	Reval
	2010	13.46	
	2011	14.55	
	2012	15.42	Reval
	2013	16.48	
	2014	17.10	
	2015	16.46	Reval
	2016	16.46	
	2017	16.43	
	2018	16.34	
	2019	15.85	
	2020		Reval

SHIFTING THE TAX BURDEN

TO THE C.I.P. CLASSES

The Classification amendment allows cities and towns to shift a greater share of the tax burden to the Commercial, Industrial, Personal Property classes (**C.I.P.**) The impact from this shift on the various classes will vary due to their percentage of the total value. The lower the percentage of the C.I.P, the greater the increase in the tax burden assuming the maximum shift is applied.

For FY2020, the Maximum Shift allowed to the C.I.P. classes for Millbury is **50%**. If the Selectmen choose the maximum shift, the residential tax rate decreases to **\$13.21** and the C.I.P. tax rate increases to **\$23.01**

This will result in a reduction of -\$646.54 or (14%) for the average residential property tax and an increase of \$10,745.49 or (50%) for the average commercial / industrial and personal property tax.

The following charts show the available shifts and resulting tax rates as well as the tax dollar effects from those choices. These shifts have been applied to the Average Residential and Commercial /Industrial value and the Median Residential and Commercial/Industrial Value. The choices available range from a 5% shift to a 50% shift with the assumption that no *Open Space Discount, Residential Exemption or Small Commercial Exemption* have been applied.

The Board of Assessors unanimously recommends a Residential Factor of “1” and the continuing of a Single Tax Rate for FY2020.

FY2020 LEVY ESTIMATE:

\$27,908,130

303,413	Avg Single Fam value
1,400,891	Avg Comm value

CIP Shift	Res Factor	Share Percentages			Levy Amounts			Estimated Tax Rates			Changes to Average Tax Bills			
		Res	CIP	Total	Res	CIP	Total	Res	CIP	% Shift	Avg Res Bill	Avg Comm Bill	Change to Avg Res Bill	Change to Avg Comm Bill
1.00	1	0.782621	0.217379	100%	21,841,484	6,066,646	27,908,130	15.3409	15.3409	No Shift	\$4,655.39	\$21,490.97	Single Tax Rate	Single Tax Rate
1.05	0.98611	0.771752	0.228248	1.00	21,538,152	6,369,978	27,908,130	15.1279	16.1080	5%	\$4,590.74	\$22,565.52	-\$64.65	\$1,074.55
1.10	0.97222	0.760883	0.239117	1.00	21,234,820	6,673,310	27,908,130	14.9148	16.8750	10%	\$4,526.08	\$23,640.07	-\$129.31	\$2,149.10
1.15	0.95834	0.750014	0.249986	1.00	20,931,487	6,976,643	27,908,130	14.7018	17.6421	15%	\$4,461.43	\$24,714.62	-\$193.96	\$3,223.65
1.20	0.94445	0.739145	0.260855	1.00	20,628,155	7,279,975	27,908,130	14.4887	18.4091	20%	\$4,396.78	\$25,789.17	-\$258.61	\$4,298.19
1.25	0.93056	0.728276	0.271724	1.00	20,324,823	7,583,307	27,908,130	14.2757	19.1762	25%	\$4,332.12	\$26,863.72	-\$323.27	\$5,372.74
1.30	0.91667	0.717407	0.282593	1.00	20,021,491	7,886,639	27,908,130	14.0626	19.9432	30%	\$4,267.47	\$27,938.26	-\$387.92	\$6,447.29
1.35	0.90278	0.706538	0.293462	1.00	19,718,158	8,189,972	27,908,130	13.8496	20.7103	35%	\$4,202.81	\$29,012.81	-\$452.58	\$7,521.84
1.40	0.88890	0.695669	0.304331	1.00	19,414,826	8,493,304	27,908,130	13.6365	21.4773	40%	\$4,138.16	\$30,087.36	-\$517.23	\$8,596.39
1.45	0.87501	0.684800	0.315200	1.00	19,111,494	8,796,636	27,908,130	13.4235	22.2444	45%	\$4,073.51	\$31,161.91	-\$581.88	\$9,670.94
1.50	0.86112	0.673931	0.326069	1.00	18,808,161	9,099,969	27,908,130	13.2104	23.0114	50%(MAX)	\$4,008.85	\$32,236.46	-\$646.54	\$10,745.49

278,900	Median Single Fam Value
506,200	Median Comm Value

CIP Shift	Res Factor	Share Percentages			Levy Amounts			Estimated Tax Rates			Changes to Median Tax Bills			
		Res	CIP	Total	Res	CIP	Total	Res	CIP	% Shift	Median Res Bill	Median Comm Bill	Change to Med Res Bill	Change to Med Comm Bill
1.00	1	0.782621	0.217379	100%	21,841,484	6,066,646	27,908,130	15.3409	15.3409	No Shift	\$ 4,278.59	\$ 7,765.58	Single Tax Rate	Single Tax Rate
1.05	0.98611	0.771752	0.228248	1.00	21,538,152	6,369,978	27,908,130	15.1279	16.1080	5%	\$ 4,219.17	\$ 8,153.86	-\$59.42	\$ 388.28
1.10	0.97222	0.760883	0.239117	1.00	21,234,820	6,673,310	27,908,130	14.9148	16.8750	10%	\$ 4,159.74	\$ 8,542.14	-\$118.84	\$ 776.56
1.15	0.95834	0.750014	0.249986	1.00	20,931,487	6,976,643	27,908,130	14.7018	17.6421	15%	\$ 4,100.32	\$ 8,930.42	-\$178.26	\$ 1,164.84
1.20	0.94445	0.739145	0.260855	1.00	20,628,155	7,279,975	27,908,130	14.4887	18.4091	20%	\$ 4,040.90	\$ 9,318.70	-\$237.68	\$ 1,553.12
1.25	0.93056	0.728276	0.271724	1.00	20,324,823	7,583,307	27,908,130	14.2757	19.1762	25%	\$ 3,981.48	\$ 9,706.97	-\$297.10	\$ 1,941.39
1.30	0.91667	0.717407	0.282593	1.00	20,021,491	7,886,639	27,908,130	14.0626	19.9432	30%	\$ 3,922.06	\$ 10,095.25	-\$356.52	\$ 2,329.67
1.35	0.90278	0.706538	0.293462	1.00	19,718,158	8,189,972	27,908,130	13.8496	20.7103	35%	\$ 3,862.64	\$ 10,483.53	-\$415.94	\$ 2,717.95
1.40	0.88890	0.695669	0.304331	1.00	19,414,826	8,493,304	27,908,130	13.6365	21.4773	40%	\$ 3,803.22	\$ 10,871.81	-\$475.36	\$ 3,106.23
1.45	0.87501	0.684800	0.315200	1.00	19,111,494	8,796,636	27,908,130	13.4235	22.2444	45%	\$ 3,743.80	\$ 11,260.09	-\$534.79	\$ 3,494.51
1.50	0.86112	0.673931	0.326069	1.00	18,808,161	9,099,969	27,908,130	13.2104	23.0114	50%(MAX)	\$ 3,684.38	\$ 11,648.37	-\$594.21	\$ 3,882.79