

Deputy
Commissioner
Robert G. Nunes

In this Issue:

- [FY2014 Average Single Family Tax Bills and Assessed Values](#)
- [Ask DLS](#)
- [BLA is All Ears in Interim Years](#)
- [Community Innovation Challenge \(CIC\) Performance Data Now Available](#)
- [Bulletin 2014-03B: FY2015 Budget Issues and Other Related Matters](#)

Local Officials Directory

Municipal Calendar

IGR's & Bulletins

Workshops, Seminars & Events

What's New

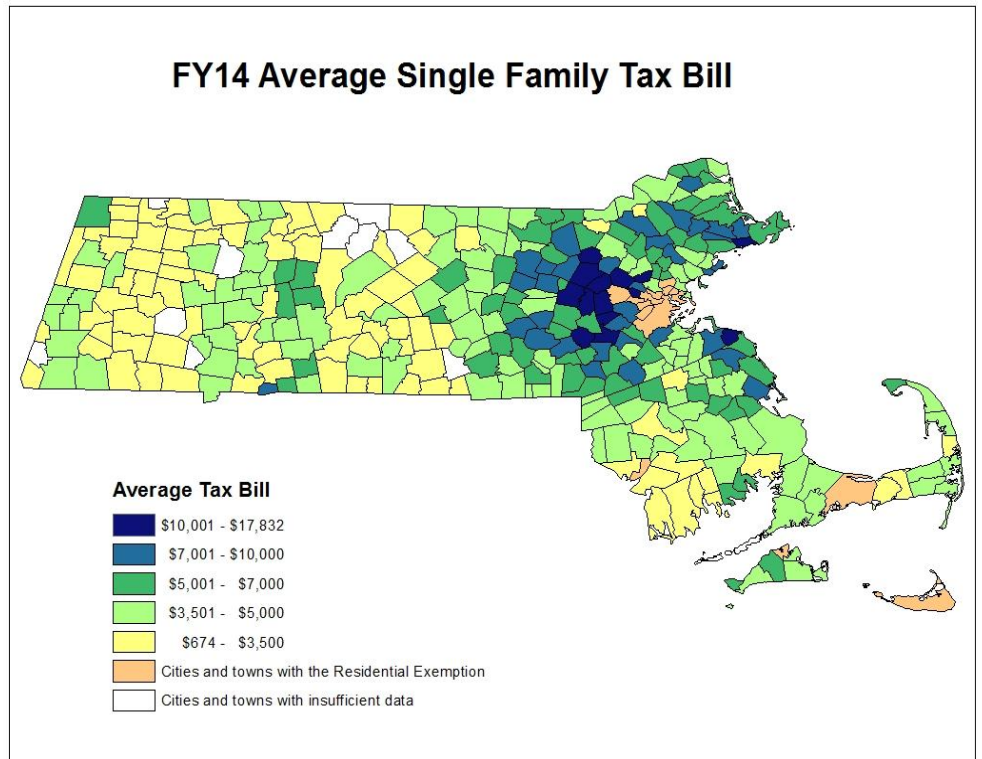
DOR 360



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Editor: Dan Bertrand

Editorial Board: Robert Nunes, Robert Bliss, Zack Blake, Amy Handfield, Sandra Brusio and Patricia Hunt



FY2014 Average Single Family Tax Bills and Assessed Values

Amy Handfield - Bureau of Accounts, Terry Williams - Bureau of Accounts and James Paquette - Bureau of Local Assessment
Graphics by Donna Demirai - Bureau of Local Assessment

The following article reviews Fiscal Year 2014 average single-family tax bills (ASFTB) and property values across the Commonwealth of Massachusetts. As in previous years, it ranks communities statewide and compares data with previous Division of Local Services (DLS) analysis from Fiscal Year 2011. It highlights major trends and discusses how they impact single-family tax bills. All findings are based upon FY2014 data as reported to DLS by municipal assessors and other local officials.

Average single-family tax bills are calculated by adding together the assessed value of all of the single-family parcels of each community then dividing that total by the number of parcels. This results in the average single-family property value. This average value is divided by one thousand and then multiplied by the residential tax rate. Changes in the ASFTB are a potential means for taxpayers to measure the variations in the cost of their local government.

Thirteen cities and towns have adopted a residential exemption. They are Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Somerset, Somerville, Tisbury, Waltham and Watertown. The residential exemption ([Chapter 59, Section 2C](#)) allows a municipality to grant a residential exemption of a dollar amount that cannot exceed 20 percent of the average assessed value of all residential class property. This exemption reduces the taxable valuation of each residential parcel of a taxpayer's principal residence by the adopted percentage. Granting the exemption raises the residential tax rate and shifts the residential tax burden from moderately valued homes to apartments, summer homes and higher valued homes.

For the purposes of this article, communities that have adopted the residential exemption are excluded because sufficiently detailed data used to determine their average tax bills is unavailable. Additionally, at the time this article was written, eleven communities (Athol, Chester, Conway, Egremont, Gosnold, Monroe, Orange, Oxford, Royalston, Russell, and Templeton) had not set FY2014 tax rates. This resulted in a total of 327 communities considered for analysis.

Statewide Trends

Over each of the past ten years, the average single-family tax bill has increased. The FY2014 statewide average tax bill of \$5,044 increased \$507 (11.2 percent) since FY2011, an average annual increase of 3.7 percent over the time period. When compared to FY2013, the FY2014 statewide average tax bill increased by \$198 (4 percent). The percentage increase over the past ten years has ranged from the FY2013 low of 2.9 percent to a high of 5.9 percent in 2006. The cumulative percentage increase in bills over this ten year period is

40.6 percent.

Taxpayers often wonder how their tax bills can increase more than 2.5 percent in any year under the restrictions outlined in [Proposition 2 1/2](#), the law that limits the property tax levy of cities and towns. The answer is that stipulations built into the law allow for increases in addition to the statutory 2.5 percent growth in the levy limit each year. Examples include the addition of new growth, legally approved ballot votes to increase the levy limit and the use of excess taxing capacity.

Analysis of the statewide average residential tax rate shows a steady decrease from a high of \$14.73 per \$1,000 in Fiscal Year 1999 to a low of \$9.74 per \$1,000 in Fiscal Year 2007. Since then, it has increased every year to its current level of \$15.19 per \$1,000. This reflects a year-to-year trend in property values over the time period. When values went up, tax rates usually decreased and visa-versa.

The valuation of property represents half the tax rate formula. The levy amount makes up the other half. For FY2014, average statewide assessed values for single family homes have increased from the prior year for the first time since FY2008. The average home value reached a high point in FY2007 at \$406,673. The values then dropped by a total of almost 13 percent over the next six years to \$354,292 in FY2013. This trend can be attributed to the bursting of the nationwide housing bubble and the resulting "[Great Recession](#)" of 2009. Unlike many other states, the Commonwealth experienced only modest value swings compared to other parts of the country where speculation was rampant.

FY2001 through FY2005 saw annual double-digit percentage jumps for an overall 191 percent increase. The highest increase occurred in FY2004 when the average single-property value increased from FY2003's value of \$266,350 to \$307,361 (15.4 percent) in a single year. This year's small increase of less than one percent (0.8) brings the average to \$357,179. This recent history of overall decline contrasts with the period before FY2007 during which average home values increased every year from FY1994's figure of \$153,133.

Much like in past results, the statewide association between the average tax bill and average assessed value is generally strong with a few noted exceptions. One such exception relates to communities on the Cape and Islands that tend to have high assessed values but lower tax bills. This is due to the large number of seasonal properties that require a lower demand for services during lull periods. For example, Chilmark on Martha's Vineyard once again has the highest single-family home value in the state (\$1,887,138), but the lowest tax rate of \$2.48 per thousand. Also on Martha's Vineyard, Aquinnah has the third highest value (\$1,256,402) and the fifth lowest tax rate of \$4.69 per

thousand. Edgartown has the fourth highest value (\$1,120,137) and third lowest tax rate of \$3.70 per thousand. The result is tax bills in these communities that are more in the middle of the statewide rankings.

Community Trends

The view in its entirety, [this table](#) details the average assessed value and tax bill of single-family homes for FY2011 and FY2014, FY2011 and FY2014 tax rates, rankings for 327 communities from highest to lowest 2014 average tax bill and the related percentage change in assessed value and tax bills.

The ten communities with the highest average tax bills for Fiscal Year 2011 remain as the top ten in Fiscal Year 2014, largely holding their previous position. The lone exception is the Town of Wayland which moved from sixth to tenth place due to a 1.4 percent decrease over this period. All other communities had increased tax bills over the three year period.

The top ten were:

1. Weston (\$17,832)
2. Sherborn (\$14,333)
3. Lincoln (\$13,742)
4. Dover (\$13,245)
5. Carlisle (\$12,732)
6. Wellesley (\$12,469)
7. Concord (\$12,249)
8. Sudbury (\$11,544)
9. Lexington (\$11,481)
10. Wayland (\$10,974)

The above ten and four additional communities (Belmont, Cohasset, Manchester, Winchester) had average bills that exceeded \$10,000 in FY2014. In FY2002, no town had an average bill over this mark.

The six communities with the lowest average tax bills also maintained their previous positions with the lone exception of the Town of Monroe which has not set its FY14 tax rate. Based upon available tax rate information, it is likely that Monroe would retain its third lowest position.

The lowest six are:

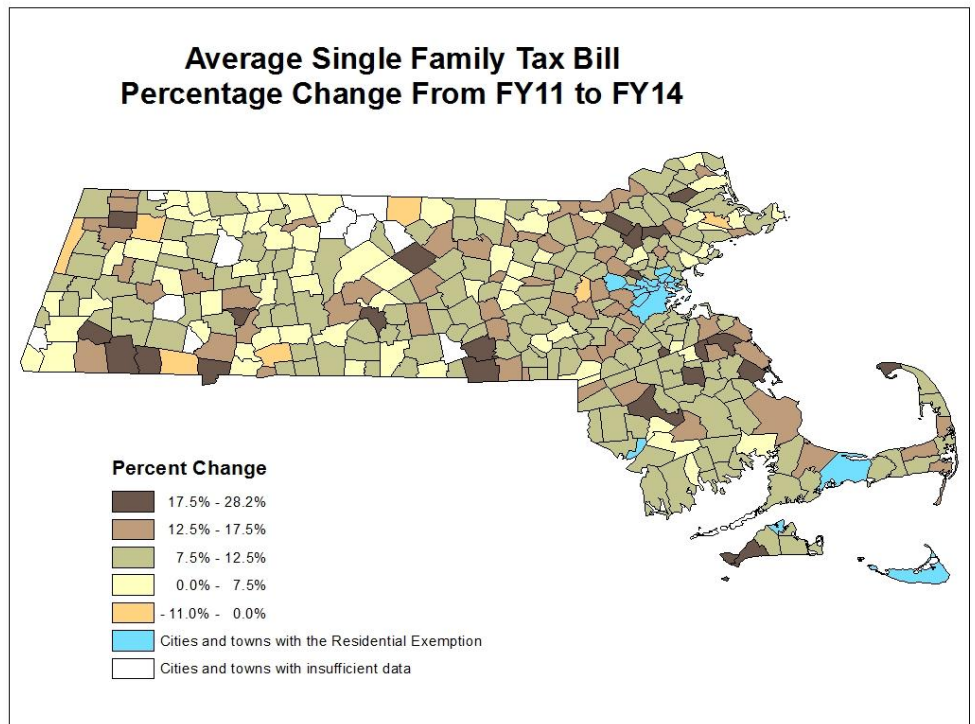
1. Hancock (\$674)
2. Rowe (\$1,170)
3. Florida (\$1,358)

4. Erving (\$1,563)
5. Tolland (\$2,054)
6. New Ashford (\$2,156)

The above towns share many similarities including lower average assessed residential values, small populations and, with the exception of the Town of Tolland, a major municipal taxpayer in the community such as a power plant or ski area that allows the municipality to split the tax rate and shift its burden away from homeowners.

There are eight communities with an over 20 percent increase in their single-family average tax bills from FY2011 to FY2014. They are Avon (28.2 percent), Duxbury (24.6 percent), Douglas (22.4 percent), Tewksbury (21.8 percent), East Bridgewater (21.7 percent), Aquinnah (21.5 percent), Taunton (20.3 percent) and Wilmington (20.3 percent).

The increase in the majority of these communities can be attributed to the successful passage of debt exclusions, temporary increases to the levy limit or levy ceiling requiring voter approval. Aquinnah has passed general and stabilization fund overrides, permanent increases to the levy limit approved by the voters. Taunton has been utilizing more of its excess levy capacity, the difference between the maximum property tax revenue a community is permitted to raise under Proposition 2 1/2 rules (levy limit) and the tax revenue actually raised (levy). In Duxbury, Tewksbury and Wilmington, the increases are due to a combination of debt exclusions and the utilization of excess levy capacity.



Average value over the three year period for 78 of the 327 communities in this analysis (24 percent) displayed an increase and 176 (54 percent) saw a value increase within the past year, possibly indicating a strengthening market. Two communities notched an increase of more than ten percent over three years; Goshen at 11.4 percent and Provincetown at 10.8 percent. Conversely, 24 communities had a more than a 10 percent reduction in value over that same period. This does not necessarily result in a smaller bill, as only one of the 24, Winchendon, was lower over that time.

Looking ahead, it appears that values are starting to trend upward as the economy recovers. Average property tax bills are also likely to continue to move upward to accommodate an increase in the cost of services. Due to Proposition 2 1/2, these increases would likely be no more than three to four percent resulting from less new growth and a limited call for overrides within many communities. This will keep levy limits from growing little more than the statutory 2.5 percent and could constrain levy increases in the coming years.

Ask DLS

The following *Ask DLS* was the result of [a recent City & Town article on excess levy capacity](#). Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. An official

from the Town of Leverett writes:

"Reading your recent article about excess levy capacity, you state that excess levy capacity is a way of building reserves that can be used at a later date. You imply as well that the tax revenue raised from excess levy capacity is not restricted by Proposition 2 1/2. That tax increases can be more than 2.5 percent. How is this the case? Also, your article implies that having excess levy is a way of banking for the future and creating accessible reserves similar to stabilization. But is it? We have actually used our current levy to tax what we can so that we can bank money in stabilization, and hopefully this year in our OPEB account, to build those accounts. Is excess levy really creating reserves in the same way?"

The extent to which a municipality taps into excess levy capacity is not restricted by Proposition 2 1/2. For instance, if a town's levy limit for FY2013 was \$10,000,000 and the town levied at 90 percent or \$9,000,000, it would create \$1,000,000 in excess capacity. Say in FY2014, the town's levy limit was calculated to be \$10,500,000 as a result of a 2.5 percent increase and new growth. The town could levy at 100 percent of the new limit. If it did, overall tax revenue would increase by \$1,500,000 (the difference between \$9,000,000 and \$10,500,000), which represents a 16.7 percent increase (\$1,500,000 divided by \$9,000,000). This is permitted because it is the year-to-year levy limit, not the annual levy increase which is restricted by Prop 2 1/2.

Regarding your second question, the answer is no. They are not exactly the same. If \$100,000 is retained in excess capacity annually, each year and at the end of ten years the reserve would still be only \$100,000. If the town taxes to its levy limit and banks \$100,000 a year in stabilization, each year the balance would increase and at the end of ten years the reserve would amass to \$1 million. Excess levy capacity is a similar reserve, or bank, only if it increases over time. We have seen a few towns gradually grow excess capacity by design in order to draw-on it (by increasing taxes) in the future to cover an anticipated major expense or spending need.

BLA is All Ears in Interim Years

Nathaniel Cramer - Bureau of Local Assessment

Often times, assessors and Bureau of Local Assessment (BLA) staff communicate only during certification years. This can be problematic because policies and procedures can change and assessors may not have the most up-to-date information. The BLA holds meetings at the

beginning of the year to discuss major changes for the current year, but we do not necessarily discuss the changes that happened two years (or more) ago, since the community's last certification. Additionally, these meetings are generally attended by more certification communities than those in an interim year. Because communities only go through revaluations once every three years and some assessors may be new to a community or are only part-time employees, it is possible to fall behind and lose sight of what needs to be done for the upcoming certification. As a result, BLA has developed a process for keeping in touch with assessors during the non-certification years that should alleviate some, if not all, of these issues.

After receiving final certification, assessors receive a set of directives. Directives are a list of recommended actions given to each community at the end of the certification process. These directives may be used to highlight areas of clarification, but they also serve as reminders for lies ahead. As an example, the most common directive has to do with cyclical re-inspections.

Cyclical Re-inspection

DIRECTIVE: Maintenance of current and accurate property inventory data is a critical element in the development of uniform, fair market values. Our last certification review indicated that the Board of Assessors should continue with the cyclical re-inspection program of all descriptive property data to be completed prior to the FY2015 certification, so that each parcel is inspected at least once in every nine-year cycle.

This directive is helpful to assessors as it reminds them when their cyclical inspection program is due. It helps them plan and provides an official document from DOR to present to their finance team to help ensure that resources are available to complete their tasks on time.

Communication with each community one year ahead of their certification year, site visits, and progress updates should reduce problems down the road. In addition, we want to establish a dialogue where assessors feel comfortable asking us questions directly so that we may provide accurate information as it applies to a particular circumstance.

Our goal is to be proactive in doing whatever we can to make sure the upcoming certification goes as smoothly as possible. Communities up for re-certification in FY16 will soon receive an email ([click here to view an example email](#)) from their field advisors that will include the directives from the prior certification and also give assessors the opportunity to set up an informal, low-pressure meeting (over the phone or in person). During this meeting advisors and assessors can

discuss the prior directives, as well as any changes that may have occurred in the years since their last certification.

As always, we appreciate your feedback. Please direct questions, comments or concerns to Joanne Graziano at grazianoj@dor.state.ma.us or by phone at (617) 626-3512.

Community Innovation Challenge (CIC) Performance Data Now Available

Executive Office for Administration and Finance

Now in its third year, the Patrick Administration's Community Innovation Challenge (CIC) is a competitive grant program that provides one time incentives to municipal entities in utilizing one-time start-up funding to develop and implement innovative approaches to the delivery of core municipal services, including regional initiatives. Since the creation of the program, the Executive Office for Administration and Finance (EOAF) provided \$10.25 million in funding to 74 unique projects involving 242 municipalities, or 69 percent of all cities and towns in the Commonwealth.

The Patrick Administration's commitment to performance-driven government is evident in the structure of the CIC program. Each recipient is required to work with EOAF to develop a contract that includes a measurable goal, actions, and outcome measures to assess whether each project achieved its goals.

Each recipient reports on the completion of deliverables three times during the course of each contract, which generally last for ten months. At the completion of their work, recipients file final reports with EOAF. These final reports include performance data and serve as implementation guides for other interested communities. Additionally, recipients are required to submit annual reports for three years following the completion of their work, which include data collected towards the outcome measures included in their contracts.

The CIC website, www.mass.gov/ANF/CIC, now includes a "CIC Performance Data" section that features a report with 183 measures for the 49 unique projects funded in Fiscal Years 2012 and 2013 with data towards 63 percent of the measures. Additionally, the report includes summaries and press clippings of projects funded in each year of the program, as well as proposed goals and 88 proposed measures for Fiscal Year 2014 projects. Projects that received funding

in Fiscal Year 2012 also completed self-evaluations, which are part of the report, to determine whether they met the REGIONAL (Reduction of redundancies; Effective delivery of services; Gains in service delivery; Involvement of stakeholders; Operational efficiencies; New approach to governing; Achievement of benefits for residents and communities; and Local decision making intact) designation of a successful regional project.

This data along with final project reports which are also available on the CIC website will allow all municipalities to learn about successful and replicable innovative municipal projects.

Bulletin 2014-03B: FY2015 Budget Issues and Other Related Matters

Bulletin 2014-03B addresses several issues that cities, towns, regional school and other districts should consider for FY2015 revenue and expenditure budgeting and other related matters. The bulletin includes new or modified information from last year's letter on the following:

- Energy PILOTs
- Energy Generating Facilities Enterprise Fund
- Monthly State Aid Distribution and Use of Additional Funds
- "Hitting the Ceiling"
- Chapter 90 Apportionments
- Community Preservation Fund
- Withholding Cherry Sheet Aid
- Firearm Identification Card Application Fee
- Balance Sheets as of 6/30/2014 and Revenue Recognition
- Casino Related Revenues
- Free Cash Update and Non-Recurrent Distributions to Cities and Towns
- [G.L. Chapter 44, Sect. 31 Emergencies](#)
- Snow and Ice Removal Costs
- Local and Regional School Finance
- Federal School Grant Deficits
- Expenditure of Federal Funds Threshold
- Dealing with an FY2014 Revenue Deficit
- Dealing with an FY2014 Appropriation Deficit
- Enterprise Funds
- Revenue Budgeting for FY2015
- Expenditure Budgeting for FY2015

- Certification of Notes and Receipt of Audit Reports

March Municipal Calendar

<p>March 1</p>	<p>DOR/MDM-TAB</p>	<p>Notification of Cherry Sheet Estimates for the Following Year (pending action taken by the Legislature)</p> <p>The Cherry Sheet is an estimate of: 1) Receipts: local reimbursement and assistance programs as authorized by law and appropriated by the General Court; and 2) Assessments: state and county assessments and charges to local governments. All amounts listed on the Cherry Sheet are estimates. Actual receipts and charges are determined based on detailed formulas or guidelines for each program. Cherry Sheets are posted on the DLS website and updated at each juncture of the state budget process.</p>
<p>March 1</p>	<p>Personal Property Owner</p>	<p>Submit Form of List</p> <p>This is a listing of all personal property filed by the owner with the Assessors each year for the purpose of determining taxes in the next fiscal year. The return is due on or before March 1, but the deadline may be extended by the Assessors to a date no later than the date abatement applications are due.</p>
<p>March 1</p>	<p>Charitable Organization</p>	<p>Submit 3ABC Forms</p> <p>This is a return of property held</p>

		for charitable purposes filed by a charitable organization with the Assessors each year in order to be eligible for exemption from taxation for the next fiscal year. The return is due on or before March 1, but the deadline may be extended by the Assessors to a date no later than the date abatement applications are due.
March 1	DOR/BLA	Filing Deadline for Telecommunications Forms of List
Final Day of Each Month	Treasurer	Notification of monthly local aid distribution. Click www.mass.gov/treasury/cash-management to view distribution breakdown.

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