



January 19, 2017

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FY2017 Single-Family Residential Tax Bill

Andrew Nelson, Supervisor, Bureau of Accounts (BOA)

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The State Total single-family residential tax bill for FY2017 is \$5,621, an increase of \$202 or 3.7 percent from FY2016, according to data captured from 332 of the Commonwealth's 351 cities and towns in the DLS Municipal Databank.

In addition, the average value of a single-family residential home was \$399,413, the highest value since the FY2008 average value of \$403,705, which was set as values were starting to drop in the real estate market.

So far in FY2017, with 345 communities reporting valuation data to the Division of Local Services (DLS), single-family residential parcels statewide represent:

- 66% of all residential class property assessed values;
- 54% of all property assessed values;
- 64% of all residential class parcels; and
- 56% of all class parcels and articles of personal property

Analysis of data for this article is limited to single-family residential parcels, class code 101, and does not include condominiums, multifamily homes or apartment buildings.

This analysis and all charts and graphs included with the exception of Chart 5 do not include communities for which a residential exemption was adopted in any fiscal year, but later in this article presents the impact on their average bill if the property was eligible for the exemption. For FY2017 only, the analysis does not include data for six communities for which no tax rate has yet to be certified by the Bureau of Accounts.

This article begins with a review of the State Total single-family residential property tax bill, a calculation performed by DLS for many years. The article then continues with a review of the statewide median of community averages since FY2008 followed by community averages. The article then reviews how both the State Total and statewide median of community averages have fared over time relative to inflation and finally takes a special look at the residential exemption's impact on the 13 communities that had it in FY2017.

The State Total

Calculation of the State Total presumes that Massachusetts is one local governmental entity for which such a bill would be determined. While not a median of all community averages, the State Total is presented and may be measured against itself from a prior fiscal year.

Chart 1 presents the calculation of the State Total from FY2008 to FY2017. Note that the State Total has annually increased over this period of time, yet not by more than 4%.

Please stop by and visit us at the 2017 Massachusetts Municipal Association Annual Meeting on January 20-21. We will also host a workshop on the 20th.

New Officials Finance Forum - Save the Date of May 31 at the College of the Holy Cross in Worcester.

In addition, *Chart 1* presents the average value for all single-family residential properties. The average value decreased from FY2008 to FY2013 by 12.2%, but from FY2013 to FY2017 increased 12.7%. Overall for the time period shown, the average value decreased by 1%.

Chart 1

Fiscal Year	\$ Assessed Value (in \$ Billions)	Parcels (in Millions)	\$ Average Value	\$ State Total	# of Cities & Towns Included	\$ Inc from Prior FY	% Inc from Prior FY
2008	517.8	1.3	403,705	4,110	337		
2009	504.0	1.3	391,762	4,250	337	140	3.4
2010	481.7	1.3	373,702	4,390	337	140	3.3
2011	469.7	1.3	361,629	4,537	338	147	3.3
2012	466.9	1.3	358,687	4,711	338	174	3.8
2013	462.2	1.3	354,292	4,846	338	135	2.9
2014	464.6	1.3	355,314	5,020	338	174	3.6
2015	484.2	1.3	369,166	5,214	338	194	3.9
2016	503.9	1.3	383,140	5,419	338	205	3.9
2017	522.4	1.3	399,413	5,621	332	202	3.7

Source: DLS Databank

The Median of Community Averages

Chart 2 shows the median or midpoint of all community averages for each fiscal year since FY2008. For FY2017, this median tax bill of \$4,745 represents an increase over FY2016's by \$202 or 4.4%

Chart 2

Median of Community Averages					
	FY2008	FY2009	FY2010	FY2011	FY2012
\$ Average	\$3,470	\$3,569	\$3,722	\$3,849	\$3,970
# of Communities	337	337	337	338	338
	FY2013	FY2014	FY2015	FY2016	FY2017
\$ Average	\$4,099	\$4,231	\$4,418	\$4,543	\$4,745
# of Communities	338	338	338	338	332

Source: DLS Databank

Note: For the six communities without an FY2017 tax rate and not represented in Chart 2, five have historically averaged below and one above the \$4,745 median tax bill shown above. If history proves true once again for these communities, the FY2017 median amount shown would drop by less than \$50.

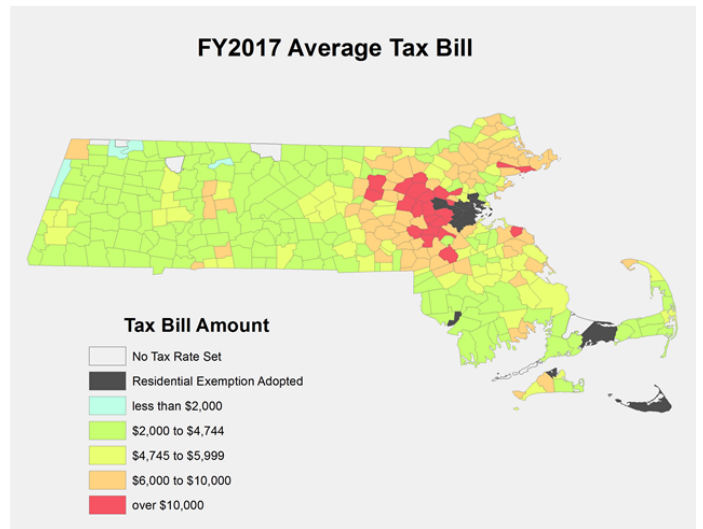
The Average by Community

DLS calculates a community's average single-family residential property tax bill by:

- dividing the total class code 101 assessed property values in the community by the number of parcels in that community's class code to establish an average property value for the class; and
- multiplying that average property value by the community's residential class tax rate as certified by the Bureau of Accounts for that fiscal year.

The following color-coded maps provide visual representations of the FY2017 community averages around the State as well as their dollar changes from FY2016.

The Bills

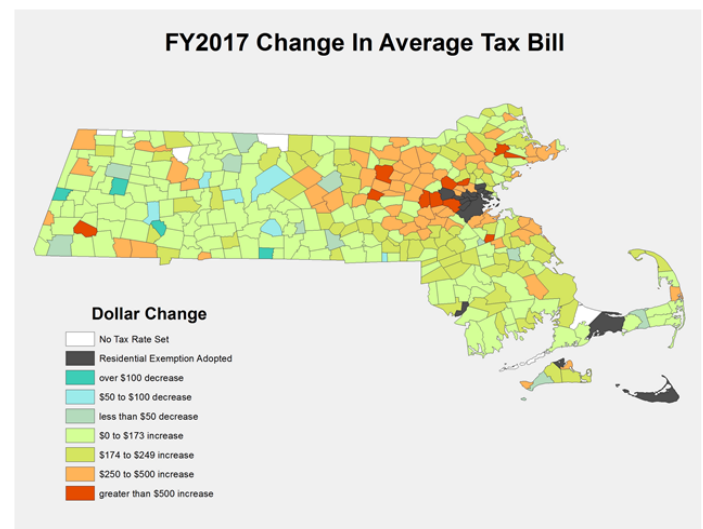


Data Source: DLS Databank

This map shows how most of the communities in the western and central parts of Massachusetts have average tax bills at or less than the median of community averages, \$4,745. The map also shows a cluster of communities with average tax bills over \$10,000 just to the west of Boston.

For a larger version of this map, including community names, click [here](#).

The Dollar Changes from FY2016



Data Source: DLS Databank

This map, in conjunction with the previous map, shows that although many communities in the western and central parts of Massachusetts had lesser than median average tax bills, a number of them had greater than median average increases from FY2016. The median for all communities that increased their average tax bill was \$174.

Statewide, 311 communities increased their average tax bill from

FY2016 ranging from \$1 in Hampden to \$998 in Winchester.

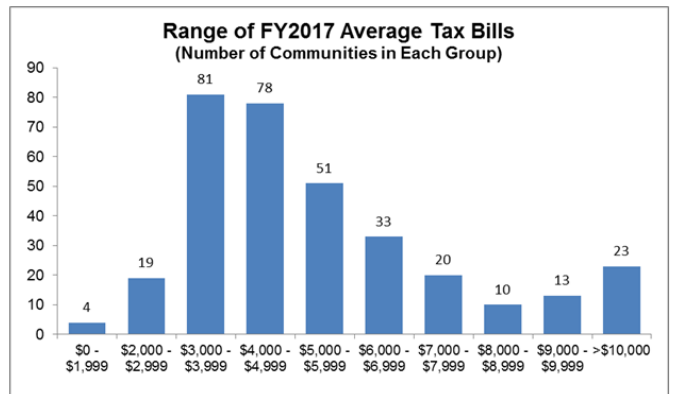
Also seen is that a number of communities actually decreased their average tax bill from FY2016. Statewide, 21 communities did so, ranging from \$2 in Sheffield to \$305 in Peru. The median for all communities that decreased their average tax bill was \$43.

For a larger version of this map, including community names, click [here.](#)

The Range of Averages

Graph 1 shows that more communities (81) have FY2017 community average single-family property tax bills in the \$3,000 to \$3,999 range followed by 78 in the \$4,000 to \$4,999 range category.

Graph 1



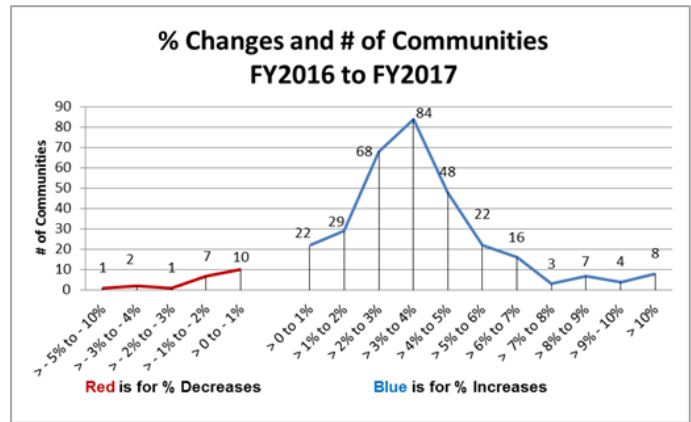
Source: DLS Databank

Graph 2 shows the number of communities increasing and decreasing their average tax bills from FY2016 to FY2017 on a percentage basis. For example, seven communities decreased their average bill anywhere from greater than 1% to 2%. Also, 84 communities increased their average bill anywhere from greater than 3% to 4%.

For the 21 communities that decreased their bill, their median percentage decrease was 1.1%. For the 311 communities that increased their average bill, their median percentage increase was 3.5%.

Communities that decreased their average bill ranged from .05% in Sheffield to 8.4% in Peru. Communities that increased their average bill ranged from .02% in Hampden to 24.4% in Hancock

Graph 2



Source: DLS Databank

The Highest and Lowest Averages

Chart 3 shows the communities having the 10 highest and lowest FY2017 average bills in descending order.

Chart 3

Highest and Lowest FY2017 Single Family Residential Property Tax Bill Communities					
Highest 10			Lowest 10		
Weston	\$19,380	Carlisle	\$14,062	Cheshire	\$2,548
Sherborn	\$15,425	Concord	\$13,895	Becket	\$2,468
Lincoln	\$15,185	Lexington	\$13,506	North Adams	\$2,419
Dover	\$14,527	Wayland	\$12,529	Windsor	\$2,418
Wellesley	\$14,333	Sudbury	\$12,520	Tolland	\$2,402
				New Ashford	\$2,279
				Florida	\$1,474
				Rowe	\$1,298
				Erving	\$1,289
				Hancock	\$703

Source: DLS Databank

The Statewide Trend in Current and Constant Dollars

Chart 4 shows the State Total and Median of Community Averages in current dollars as presented earlier in this article in relation to a constant dollar, which controls for inflation.

The Chart shows that both the State Total and the Median of Community Averages dollar amounts have outpaced the rate of inflation over the time period shown.

For example, the Median of Community Averages FY2008 current dollar figure of \$3,470 adjusted for inflation represents a constant dollar figure of \$3,900 in FY2017. FY2017 in current dollars is \$4,745. As of FY2017 then, the current dollar figure has outpaced the constant dollar figure by \$845 or 18%.

Note that the State Total is always in excess of the Median. As was stated earlier in this article, these two dollar amounts may be compared to themselves from a prior fiscal year but are not comparable to each other.

Chart 4

	State Total				Median of Community Averages			
	Current Dollars	Constant Dollars	\$ Variance	% Variance	Current Dollars	Constant Dollars	\$ Variance	% Variance
FY2008	\$4,110	\$4,110	\$0	0%	\$3,470	\$3,470	\$0	0%
FY2009	\$4,250	\$4,081	\$169	4%	\$3,569	\$3,446	\$123	3%
FY2010	\$4,390	\$4,146	\$244	6%	\$3,722	\$3,501	\$221	6%
FY2011	\$4,537	\$4,258	\$279	6%	\$3,849	\$3,596	\$253	7%
FY2012	\$4,711	\$4,326	\$385	8%	\$3,970	\$3,654	\$316	8%
FY2013	\$4,846	\$4,387	\$459	9%	\$4,099	\$3,705	\$394	10%
FY2014	\$5,020	\$4,457	\$563	11%	\$4,231	\$3,764	\$467	11%
FY2015	\$5,214	\$4,484	\$730	14%	\$4,418	\$3,789	\$629	14%
FY2016	\$5,419	\$4,547	\$872	16%	\$4,543	\$3,842	\$701	15%
FY2017	\$5,621	\$4,615	\$1,006	18%	\$4,745	\$3,900	\$845	18%

Source: DLS Databank. Constant Dollar amounts apply the CPI for all Urban Consumers – Boston and includes a 1.5% estimated inflation factor for FY2017.

The Residential Exemption Communities

Thirteen communities that adopted a residential exemption are not included in either the State Total or Median Averages as the Bureau of Accounts does not receive sufficient information as to how many class code 101 residential properties are eligible for the exemption in those communities.

For those 13 communities, however, *Chart 5* shows the FY2017 dollar impact of the residential exemption on single-family residential properties (1) assessed at the community’s median value and (2) deemed qualified to receive the exemption. More information on this exemption can be found in the October 16, 2014 edition of [City & Town](#).

Chart 5

Community	Residential Exemption Percentage Voted	\$ Impact of Exemption on FY2017 Median Assessed Value	Community	Residential Exemption Percentage Voted	\$ Impact of Exemption on FY2017 Median Assessed Value
Barnstable	20%	\$864	Nantucket	20%	\$1,267
Boston	35%	\$2,433	Somerset	10%	\$434
Brookline	20%	\$2,269	Somerville	35%	\$2,747
Cambridge	30%	\$2,046	Tisbury	18%	\$1,360
Chelsea	25%	\$1,376	Waltham	25%	\$1,460
Everett	25%	\$1,337	Watertown	22%	\$1,673
Malden	30%	\$1,962			

Source: DLS Databank. Per the Municipal Modernization Act (c. 218 of 2016) and c. 326 of 2016, any community may adopt a residential exemption percentage up to 35% for FY2018.

For More Information

For more information on the State Total, Average Bills for Communities and Statewide Rankings, please visit the [DLS Databank](#).

The authors would like to thank Theo Kalivas of DLS’ Technical Assistance Bureau for his assistance in creating the color-coded maps used in this analysis.

Data Highlight of the Month

Anthonia Bakare - DLS Municipal Databank

Data Highlight of the Month - [Average Single-Family Tax Bills](#):

Average single-family tax bills are calculated by dividing the total value of all single-family (state class 101) parcels by the total number of single-family parcels and then multiplying the average value by the residential tax rate per one \$1,000 of value.

Average single-family tax bill data is located in the Databank Reports section under [Property Tax Related Reports](#) on the Databank website. This data is collected from city and town LA4 forms. The report table displays information for years 1988 to present. The average single-family tax bills report also includes a graph and a state totals tab. The graph tab displays yearly trends per community, (FY2016) top 10 and bottom 10 average single-family tax, while the state totals tab displays assessed value, parcel count, average value, single-family tax bill, and the number of cities and towns included from fiscal years 2002 to present. In the State Totals tab, there is also a state average single-family tax bill, which is calculated by multiplying each community's average tax bill by the community's parcel count and then dividing the sum of that product by the state total parcel count. The State Totals tab has a state average single-family tax bill graph for fiscal years 2007 to present. All graphs can be exported to PDF and the table can be exported to excel.

*Also note that communities that grant the residential exemptions are not part of [this](#) calculation.

We hope you become better acquainted with the data the Division of Local Services has to offer through the *Data Highlight of the Month*. For more information, contact us directly at databank@dor.state.ma.us or (617) 626-2384.

FY17 TAP Report

Robert Bliss, DLS Regional Manager and Director of Strategic Planning

The Taxpayer Assistance Program (TAP) produced solid results in the recently concluded FY17 tax rate setting season as 19 of the 32 participating communities set tax rates earlier than in their previous interim or certification years.

Overall, half of the 32 communities enrolled in TAP saw their local property tax rates approved before December 1.

All the credit for this performance goes to the communities that voluntarily used TAP as a means to improve internal communication and set their own schedule to produce a timely setting of their tax rates.

When DLS started TAP in FY15, the program aimed to encourage communities to set tax rates before the month of December. DLS

had set 219 tax rates in December of 2013. Jamming that many approvals into a single month shortened by the end of year holidays seemed insane, yet it had been the norm for years.

Three years later, for the first time, DLS set more rates by the end of November than it did in the month of December 2016.

DLS approved 173 tax rates in the months of September, October and November 2016, the highest number ever, while setting 172 tax rates in December 2016, 22 percent fewer than the 219 set in December 2013.

In the three years since TAP began, DLS has made many improvements to the tax rate setting process, so by no means is TAP solely responsible for the earlier setting of tax rates.

But for any community interested in avoiding the last-minute rush to get a tax rate approved and tax bills printed before the end of December, it is a means toward easing the stress of getting it done at the last minute and, equally important, a means to improve communication between the assessing and accounting sides of a local government. TAP gets both sides on the same page.

DLS meets with communities interested in TAP in the spring to lay out achievable timelines for setting a tax rate. Attending those meetings are DLS field reps for the Bureau of Local Assessment and the Bureau of Accounts, along with the municipal heads of assessing and finance and anyone else the community wants to include.

At those meetings, which are held in town and city halls, local officials propose and agree to a series of report submission dates that will mark progress along the path to an approved tax rate. The schedule opens with the submission and approval of property assessment statistics and concludes with a projected date for approval of a tax rate. TAP is voluntary and there is no penalty if the schedule is not met.

Some highlights from FY17 TAP:

- The program has grown from 13 communities in FY15 to 25 in FY16 to its current 32.
- Of the 19 communities that set rates earlier this year, the average improvement was 23 days.
- Ten of the 32 communities enrolled were in property valuation certification; 7 set their rates earlier than in their previous certification by an average of 40 days while 3 were later by an average of 4 days.
- Ten of the 32 communities were new to the program; 6 filed rates earlier by an average of 30 days and four filed later by an average of 4 days.

Enrolled in TAP for FY17 were the communities of Ashfield, Becket, Boylston, Chelsea, Chesterfield, Dartmouth, Deerfield, East

Bridgewater, Egremont, Fairhaven, Framingham, Hanover, Hatfield, Heath, Holbrook, Holliston, Hopkinton, Merrimac, New Salem, Orange, Oxford, Pepperell, Quincy, Rehoboth, Sheffield, Shrewsbury, Sutton, Tewksbury, Wareham, Watertown, Wenham and Worcester.

DLS thanks the local officials in each of these communities for their participation and support of TAP. It may be time for your community to consider enrolling in what is becoming recognized as a management best practice for financial teams.

If you are interested in learning more or in participating in FY18 TAP, please contact DLS Director of Strategic Planning and Regional Manager Bob Bliss at blissr@dor.state.ma.us or at 508-792-7300 Ext. 22312. Enrollment will begin in February and March and meetings to set up TAP timelines will take place in April and May.

January Municipal Calendar

Jan. 1	Assessors	Property Tax Assessment Date This is the effective date (not for exemption purposes) for statewide valuation and assessment of all property for the following fiscal year.
Jan. 31	DESE	Notify Communities/Districts of Estimated Net School Spending Requirements for the Next Year As soon as the Governor releases the ensuing year's budget, DESE notifies communities/districts of the estimated NSS requirements. These figures are subject to change based on the final approved state budget.
Final Day of Each Month	State Treasurer	Notification of monthly local aid distribution Click www.mass.gov/treasury/cash-management to view distribution breakdown

Editor: Dan Bertrand

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