



Informational Guideline Release

Bureau of Local Assessment
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FISCAL YEAR 2021 GUIDELINES **FOR** **DETERMINING ANNUAL LEVY LIMIT INCREASE FOR TAX BASE GROWTH**

(G. L. c. 59, § 21C(f))

This Informational Guideline Release (IGR) provides Boards of Assessors with guidance for identifying and reporting growth in their community's property tax base that may be used to increase the FY2021 levy limit, as provided by Proposition 2½.

The tax base growth calculation method and report forms (Form LA-13) are submitted electronically in Gateway Online. All FY21 tax base growth is calculated using the FY21 valuation schedules. The Gateway Tax Rate Module includes [Instructions](#) for Completing the LA-13 Tax Base Levy Growth Report and the LA-13A Amended Growth reports for FY21. This includes prior year growth attributable to previously unreported or misreported taxable personal property discovered during a personal property audit and assessed during FY20 or FY21.

Reminder:

- All communities must use Gateway's document upload option to attach one or more supporting documents to the LA-13 New Growth form. See [instructions](#) for FY2021.
- BLA recommends but will not require in FY 2021, the use of its standardized New Growth Template.

Questions should be referred to your Bureau of Local Assessment field representative.

Topical Index Key:

Proposition 2½

Distribution:

Assessors

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FOR
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FISCAL YEAR 2021 GUIDELINES
FOR
DETERMINING ANNUAL LEVY LIMIT INCREASE FOR TAX BASE GROWTH

(G. L. c. 59, § 21C(f))

Proposition 2½ provides a city or town with annual increases in their levy limits of (1) 2.5 percent and (2) an additional amount based on the valuation of certain new construction and other allowable growth in the tax base that is not the result of property revaluation ("new growth"). These annual increases are allowed as long as they do not result in a levy limit above the levy ceiling of 2.5 percent of full and fair cash valuation. If that occurs, the levy limit equals the levy ceiling. [General Laws Chapter 59, Sections 21C\(b\) and \(f\).](#)

The Commissioner of Revenue is required to determine the annual levy limit for each city and town. In order for the Commissioner to do so, cities and town must submit information documenting allowable tax base growth prior to setting the tax rate. The Commissioner cannot approve a tax rate for any city or town that does not submit a report on its allowable tax base growth for that fiscal year. [G.L. c. 59, § 21D.](#)

These guidelines explain the requirements to be used by the assessors in calculating and reporting allowable tax base growth in Fiscal Year 2021.

I. QUALIFYING TAX BASE GROWTH

Tax base growth under Proposition 2½ includes any parcel of real property or article of personal property that:

- is subject to taxation for the first time (*e.g.*, new articles of personal property or previously exempt property);
- is being taxed as a separate parcel for the first time (*e.g.*, subdivisions or condominium conversions); or
- has increased in assessed valuation over the prior year as long as the increase is not due to a revaluation program.

BUREAU OF LOCAL ASSESSMENT

JOANNE GRAZIANO, CHIEF

II. DETERMINING TAX BASE GROWTH

A. Allowable Value

The increase permitted in a community's FY21 levy limit for tax base growth is based on the allowable value for qualifying properties. The allowable value represents increases in the FY21 assessment roll attributable to changes in the taxable unit, taxable status or physical condition of properties occurring since the FY20 assessment.

The allowable value does not include any increases attributable to changes in the market value of properties in the community, nor is it reduced or offset by decreases in the community's total assessed valuation due to property changes occurring since FY20. A revaluation adjustment means any revaluation, reassessment, interim year adjustment, equalization or other valuation adjustment program, including trending, whether or not the community is scheduled for the five-year certification in FY21.

Allowable value also does not include (1) adjustment of appraisal factors, such as grade or condition, or (2) implementation of new valuation systems and methods, for all or some properties resulting in valuation changes in those properties.

B. Applicable Time Period

To qualify as FY21 tax base growth, properties must have undergone some change in their physical condition due to construction activity or in their taxable unit or status since the FY20 assessment that results in increased assessed valuations for FY21.

1. Construction Activity: New Buildings, Additions and Alterations

All parcels with any increases in their FY21 assessed valuation over their FY20 assessed valuation due to any new buildings, additions, renovations or other new construction on the parcels occurring during the following time frame qualify as FY21 tax base growth:

- Calendar year 2019 (January 1, 2019 to December 31, 2019) for communities that have not accepted [c. 653, § 40 of the Acts of 1989](#). [G.L. c. 59, § 2A\(a\)](#).

[Chapter 653](#) permits the accelerated assessment of new construction and improvements built between January 1 and June 30.

- Calendar year 2019 and the first six months of 2020 (January 1, 2019 to June 30, 2020) for communities implementing [c. 653](#) for the first time in FY21.
- Fiscal year 2020 (July 1, 2019 to June 30, 2020) for all other [c. 653](#) communities.

2. Subdivisions and Condominium Conversions

All parcels that are being assessed as a separate parcel for the first time as of January 1, 2020 for FY21, due to a lot split, subdivision or condominium conversion occurring during calendar year 2019, qualify as FY21 tax base growth if there has been a net increase in the FY21 assessed valuations of the new parcels over the FY20 assessed valuation of the undivided parcel.

3. Exempt Property Returned to Tax Roll including TIF properties

All parcels not wholly taxable in FY20 that are being assessed as of January 1, 2020 for FY21 because they are no longer eligible for a full or partial exemption qualify as FY21 tax base growth.

Also qualifying are parcels that are being assessed for the first time in FY21 for any increase in value that took place during the period they received a partial special tax assessment or tax increment financing (TIF) exemption.

4. Personal Property: New Articles

All articles of personal property that are being assessed for the first time as of January 1, 2020 for FY21, including accounts of all new personalty, new additions to existing accounts and previously exempt personalty, qualify as FY21 tax base growth. It also includes utility or telecommunications company property that is construction work in progress or owned but not necessarily in service (CWIP). **NOT QUALIFYING**, however, would be any personalty assessed in FY20 that is being assessed for FY21 as part of a new account because of a change in ownership alone.

5. Other Allowable Tax Base Growth

All parcels of real property or articles of personal property with any increases in their FY21 assessed valuations over their FY20 assessed valuations as a result of some other change in or event impacting the property before the FY21 assessment, **EXCEPT REVALUATION**, qualify as FY21 tax base growth.

Example No. 1. A parcel would qualify as FY21 tax base growth if its removal from [G.L. c. 61A](#) classification during calendar year 2019 results in an increase in its FY21 assessed valuation over its FY20 assessed valuation.

Example No. 2. A parcel would qualify as FY21 tax base growth if a zoning change, or the construction of public improvements (roads, sewers, etc.), during calendar year 2019 results in an increase in its FY21 assessed valuation over its FY20 valuation.

Example No. 3. A piece of machinery owned and used by an individual in conducting a business would qualify as FY21 tax base growth if it was refurbished

or enhanced during calendar year 2019 resulting in an increase in its FY21 assessed valuation over its FY20 assessed valuation.

Example No. 4. A parcel of commercial property that has not had any change in its physical condition **WOULD NOT QUALIFY** as tax base growth if (a) the use of the cost approach method in FY21, rather than the income approach used in FY20, (b) the separate pricing of existing improvements (driveways, fences, etc.), or (c) the adjustment of an appraisal factor such as its grade or condition, results in an increase in its FY21 assessed valuation over its FY20 valuation.

C. Applicable Tax Rate

The usage classification of properties on January 1, 2020 for FY21 governs which prior year's tax rate is applicable.

Example. On January 1, 2019 for FY20, a parcel of vacant land was classified as commercial property. During 2019, a four-unit apartment building was constructed on the property substantially increasing its assessed valuation for FY21. Since the parcel is classified as residential property as of January 1, 2020 for FY21, the FY20 residential tax rate will be applied to the allowable value to determine the amount of the levy limit increase permitted.

D. Calculation of Levy Limit Increase

The amount of increase permitted in the community's FY21 levy limit for tax base growth is calculated by multiplying the allowable valuation for all qualifying parcels of real property and items of personal property by the applicable FY20 tax rate.

III. REPORTING REQUIREMENTS AND PROCEDURES

A. Report Form and Content

All Boards of Assessors must submit electronically a report on allowable tax base growth to the Bureau of Local Assessment before setting their FY21 tax rates on Form LA-13, Tax Base Levy Growth. They must also submit the LA-13A "Amended Tax Base Levy Growth" in Gateway to report any omitted prior year growth or there was no omitted prior year growth.

Detailed instructions for completing Form LA-13 are available on Gateway's Tax Rate Module. Electronic submission is required using Gateway Online.

B. Submission of Report

In order to prepare and submit an accurate and complete tax base growth report, the assessors must have finalized FY21 assessments. The assessors must submit the Form LA-13 with the Form LA-4, "Assessment/Classification Report" electronically on Gateway.

1. Communities Not Completing Revaluation

Assessors in communities not revaluing property in FY21 may submit information on tax base growth at any time after they finalize their FY21 assessment roll.

2. Communities Completing Revaluation

If a community is completing a revaluation, reassessment, interim year adjustment, equalization or other valuation adjustment program in FY21 for the purpose of meeting certification requirements or otherwise, the assessors will not be able to calculate the allowable valuation until the program, including public disclosure that may result in assessment changes is completed. Once the valuations are final, the assessors may submit their tax base growth report to the Bureau of Local Assessment.

C. Certification of Tax Base Growth

Tax base growth will not be reviewed and certified until the Form LA-4, "Assessment/Classification Report," has been submitted and approved.

The Bureau of Local Assessment will review the tax base growth report submitted by the assessors, certify the amount of tax base growth, if any, substantiated by the assessors and notify the Bureau of Accounts. The Bureau of Accounts will then increase the community's FY21 levy limit accordingly.

D. Approval of Tax Rate

A community's FY21 tax rate will not be approved by the Bureau of Accounts until a tax base growth report is submitted to and approved by the Bureau of Local Assessment.

E. Submission Final Upon Approval of Tax Rate

Unless the assessors submit growth on the LA-13A "Amended Tax Base Levy Growth Report", the amount of tax base growth certified by the Bureau of Local Assessment before the setting of the FY21 tax rate is final and the FY21 levy limit, as increased by that amount, is the base for calculating the community's levy limit in FY21.

F. Amended Tax Base Growth Report

The assessors must submit on Gateway an "Amended Tax Base Levy Growth Report" (Form LA-13A) each fiscal year to report the portion of any omitted and revised assessments (1) made in the prior fiscal year that reflects allowable tax base growth for real and personal property inadvertently omitted from the original tax base report submitted for that year and (2) made in the prior year, or the current year as of the date the report is submitted, that reflects allowable tax base growth in prior years for previously unreported or misreported taxable personal property discovered by an audit conducted under [G.L. c. 59, § 31A](#) and (3) any growth reported in the prior fiscal year that was permanently abated

must be reported. **Note: This report must be submitted whether or not there is amended new growth to report.**

G. Certification of Amended Tax Base Growth

When assessors submit the amended growth report (LA-13A), the Bureau of Local Assessment will certify the amount of any additional tax base growth (or reduction for abated growth) and notify the Bureau of Accounts. The Bureau of Accounts will then recalculate the community's levy limit and notify the assessors of the new base for the purpose of calculating the succeeding year's levy limit.