



Fiscal Year 2022
Tax Classification Hearing

November 29, 2021

Dalton Board of Assessors

Jean M. Boudreau- Chairman

Heather K. Durant - Member

Harald M. Scheid - Regional Tax Assessor

Introduction

Prior to the mailing of 3rd quarter tax billings, the Select Board holds a public hearing to determine the percentage of the Town's property tax levy to be borne by each major property class. This responsibility and procedure are described in Chapter 40, Section 56 of the Massachusetts General Laws.

The steps in completing the Classification Hearing are outlined below. Also provided is information about the levy, property assessments, and recommendations made by the Board of Assessors.

Steps in Setting Tax Rates

Pre-classification Hearing Steps

Step 1: Determination of the property tax levy (Budget Process)

Step 2: Determine assessed valuations (Assessors)

Step 3: Tabulate assessed valuations by class (Assessors)

Classification Hearing Steps

Step 4: Classification hearing presentation (Assessors & Select Board)

Step 5: Voting a tax shift factor (Select Board)

Post Classification Hearing Steps

Step 6: Sign the LA-5 Classification Form (Select Board)

Step 7: Send annual recap to DOR for tax rate approval (Assessors)

Step 8: Obtain DOR approval of tax rates (DOR)

Terminology

The following are definitions of the terms frequently used in the discussion of tax rates.

Levy: The tax levy (or levy) is the amount of property taxes to be raised. The levy amount is determined by the budget. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised from property taxation. The town will be raising \$14,181,356 in property tax revenues. The tax levy has increased \$34,905 (0.24%) over last year’s levy of \$14,146,451.

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the Town. Based on the Dalton’s aggregate valuation of \$683,768,362, the town cannot levy taxes in excess of \$17,094,209.

New Growth Revenue: Property taxes derived from newly taxable properties like new construction, additions, subdivisions, and personal property. The assessors have tabulated new growth revenues of \$52,052.

Levy Limit: Also referred to as the “maximum allowable levy”, this is calculated by adding 2.5 percent of the previous year’s levy limit plus new growth revenue for the present fiscal year to last year’s levy limit. Exceeding the levy limit requires an override of Proposition 2 ½. For Fiscal Year 2022 the levy limit is \$15,559,814.

Excess Levy Capacity: Excess levy capacity is the difference between the levy and the levy limit.

The Fiscal Year 2022 Levy Limit and Amount to be Raised

The following is a calculation of Dalton’s levy limit for fiscal year 2022.

Fiscal year 2021 levy limit	\$13,395,802
Levy increase allowed under Prop. 2 ½	334,895
New growth revenue	52,052
Excluded Debt to Pay Bonds	1,777,065
Fiscal year 2022 levy limit	15,559,814
Levy Ceiling	17,094,209
Levy to be raised	\$14,181,356
Excess levy capacity	\$1,378,458

Valuations by Class Before Tax Shift

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs CIP%</u>
Residential	577,872,660	84.5129	84.5129
Commercial	29,592,322	4.3278	
Industrial	49,791,700	7.2820	15.4871
Personal Property	26,511,680	3.8773	
TOTAL	683,768,362	100.0000	

Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Given Dalton's relatively small commercial, industrial, and personal property tax base, it takes a CIP tax rate increase of approximately 7% to yield a 1% residential tax rate reduction.

Tax Rates

The estimated single tax rate for fiscal year 2022 is \$20.74 per thousand valuation.

<u>Property Class</u>	<u>FY2021</u>	<u>FY2022</u>
Residential	\$21.51	20.74
Commercial	\$21.51	20.74
Industrial	\$21.51	20.74
Personal Property	\$21.51	20.74

Note that the FY2022 rate is an estimate and may change upon Department of Revenue review.

Tax Rates History

Fiscal Year 2020	\$20.29	Fiscal Year 2017	\$19.87
Fiscal Year 2019	\$19.48	Fiscal Year 2016	\$19.63
Fiscal Year 2018	\$19.91		

Tax Rate Options Average Taxes

CIP Shift Factor	Res Shift Factor	CIP Rate	Res Rate	Single-family Average Tax	Commercial Average Tax
1.0000	1.0000	20.74	20.74	\$4,189	\$10,229
1.1000	0.9817	22.81	20.36	\$4,113	\$11,250
1.2000	0.9633	24.89	19.98	\$4,040	\$12,276
1.3000	0.9450	26.96	19.60	\$3,964	\$13,297
1.4000	0.9267	29.04	19.22	\$3,888	\$14,323
1.5000	0.9084	31.11	18.84	\$3,814	\$15,343

Tax Impacts

Examples of Typical Residential Tax Changes

<u>Property Class</u>	<u>Average FY21 Value</u>	<u>Avg. Tax</u>	<u>Average FY22 Value</u>	<u>Avg. Tax</u>	<u>Change</u>
Single Family Homes	\$224,600	\$4,831	\$234,700	\$4,868	\$37 (0.8%)
Condominiums	\$311,900	\$6,703	\$311,900	\$6,469	-\$234 (-3.5%)
2-3 Family Homes	\$194,900	\$4,192	\$194,900	\$4,042	-\$150 (-3.6%)
Commercial	\$357,600	\$7,692	\$357,600	\$7,417	-\$275 (-3.5%)
Industrial	\$732,300	\$15,752	\$732,300	\$15,188	-\$564 (-3.6%)

(Note – Average assessments are corrected for new growth)

Board of Assessors Recommendation

The Board of Assessors recommends that the Select Board adopt a single tax rate to be applied to all classes of property in Dalton.

Voting a Tax Shift Factor (proposed motion)

The Dalton Select Board votes in accordance with M.G.L., Ch. 40, Sec. 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2022 tax rates and set the Residential Factor at 1.0, with a corresponding CIP shift of 1.0, pending approval of the town's annual tax recap by the Massachusetts Department of Revenue.

Summary of Assessments (LA4)

<u>Property Type</u>	<u>Count</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Personal Property</u>
101-Single Family	1983	466,761,100	-0-	-0-	-0-
102-Condominiums	113	35,244,500	-0-	-0-	-0-
103,109-Misc Res	13	2,902,400	-0-	-0-	-0-
104-Two Family	159	30,820,100	-0-	-0-	-0-
105-Three Family	23	4,646,700	-0-	-0-	-0-
111-125-Apartments	30	21,349,200	-0-	-0-	-0-
130's-Vacant Land	184	8,612,600	-0-	-0-	-0-
012-043-Mixed Use	30	7,536,060	6,036,656	20,500,000	-0-
300-393-Commercial	65	-0-	23,241,075	-0-	-0-
400-452-Industrial	40	-0-	-0-	29,291,700	-0-
500-508-Pers. Prop.	224	-0-	-0-	-0-	26,511,600
600's-Forestry	18	-0-	163,691	-0-	-0-
700's-Agricultural	13	-0-	66,968	-0-	-0-
800's-Recreation	3	-0-	83,932	-0-	-0-
TOTAL BY CLASS	2,898	577,872,660	29,592,322	49,791,700	26,511,680
TOTAL TAXABLE PROPERTIES					683,768,362
TOTAL TAX EXEMPT PROPERTIES					86,350,040