

# **FY 2018 Classification Hearing**

**November 13, 2017**

# Town Budget Process:

- Every year, those present at our Annual Town Meeting vote to approve the upcoming budget figures.
- The money to fund the budget comes from multiple sources like local receipts/revenues and State Aid.
- The remaining money comes from the Levy.
- The Levy refers to the amount of money a community can raise through Real Estate and Personal Property Taxes.

# To Clarify...

- The classification hearing does not change the amount of money which can be raised via the Levy.
- A split rate will not increase revenue for the town.
- A split rate shifts some of the tax burden from all residential properties onto all commercial, industrial, and personal property accounts.



# The Tax Rates and Valuations:

- Since you need to raise a fixed levy amount, the valuations and tax rates move in opposite directions. If the total town value increases, the tax rate will decrease. If the total town value decreases, the tax rate will increase. However, if overrides, capital exclusions, or debt exclusions are approved (per Town Ballot), it is likely the tax rate will increase no matter what.

# Outstanding Debt Schedule Overview

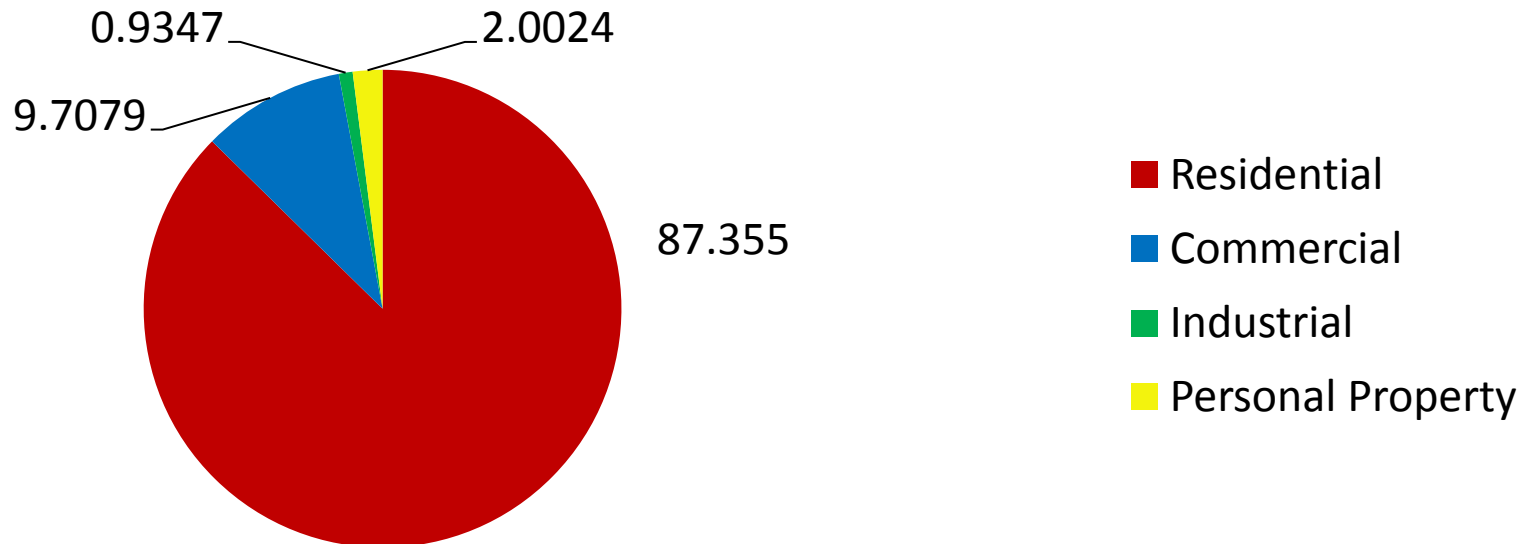
Ballot Vote Date	Purpose	Bond Issuance Date	FY 2017 Net Debt	FY 2018 Net Debt	Debt Completed / Removed
10/18/14	New Middle/High School	4/16/15	\$3,488,815	\$3,485,825	FY 2041
4/9/05	New Police Station	6/15/07	\$387,428	\$402,250	FY 2027
<del>12/2/06</del>	<del>ECC Window Replacement</del>	<del>6/15/07</del>	<del>\$120,750</del>	<del>\$0.00</del>	<del>FY 2018</del>
<del>6/12/99</del>	<del>Sewer Phase 4</del>	<del>6/15/07</del>	<del>\$19,687</del>	<del>\$0.00</del>	<del>FY 2018</del>
11/10/07	Senior Center Purchase	6/1/08	\$117,831	\$132,750	FY 2028
11/10/07	High School Windows & Doors	6/1/08	\$135,752	\$152,100	FY 2028
<del>4/24/10</del>	<del>ECC Roof</del>	<del>6/15/07</del>	<del>\$115,500</del>	<del>\$0.00</del>	<del>FY 2018</del>
<b>Grand Total</b>			<b>\$4,385,760</b>	<b>\$4,172,925</b>	

# The CPA:

- The CPA does not increase the tax rate, it is a separate surcharge (tax).
- It does not go towards the payment of your real estate tax bills, or the general fund.
- For FY 17, the town collected approximately \$350,000 in CPA funds.

# Classification:

- The Board of Selectmen hold a Classification Hearing each year to determine if the Levy gets divided evenly via a single tax rate, or if the tax burden gets shifted between the classes.
- Here are the current class percentages:



# Historical Class Percentages

FY	Res %	Comm %	Ind %	Pers Prop %
2003	86.54%	10.03%	1.25%	2.16%
2004	88.93%	8.06%	1.09%	1.90%
2005	88.26%	8.92%	1.21%	1.58%
2006	87.53%	9.69%	1.27%	1.50%
2007	87.30%	10.09%	1.15%	1.45%
2008	86.59%	10.58%	1.19%	1.62%
2009	86.12%	10.79%	1.24%	1.84%
2010	85.58%	11.20%	1.19%	2.01%
2011	85.09%	11.34%	1.15%	2.40%
2012	85.43%	11.26%	1.18%	2.11%
2013	85.48%	11.21%	1.20%	2.10%
2014	85.12%	11.56%	1.23%	2.07%
2015	85.74%	11.01%	1.18%	2.05%
2016	86.23%	10.68%	0.99%	2.08%
2017	86.92%	10.03%	0.96%	2.09%
2018	87.35%	9.70%	0.93%	2.00%



# LA-7 Shift

- Should the Selectmen choose to shift some of the burden to the CIP (commercial, industrial, personal property), the shift may not be more than 150% of the original burden.
- Given this restriction, our minimum residential share (with max shift) is **81.0325** and our maximum CIP share (with max shift) is **18.9675**

At the original limit, the share of the levy to be raised by each class would be as follows:

	<b>Original % of share</b>	<b>Original Levy Share</b>	<b>Single Tax Rate</b>
Residential	87.3550	30,798,468	17.83
CIP	12.645	4,458,205	17.83

At the maximum allowable limit, the share of the levy to be raised by each class is as follows:

	<b>Max Shift Share %</b>	<b>Max Shift Levy Share</b>	<b>Max Split Rates</b>
Residential	81.0325	28,569,365	16.54
CIP	18.9675	6,687,309	26.74

# FY 17 vs. FY 18

- FY 17's tax rate is \$18.35
- FY 18's proposed tax rate is \$17.83
- This is a \$0.52 decrease.

# Averages

- The current value of the average single-family home is: \$343,100
- The taxes would be: \$6,117.65
- Currently, 61.36% of all of the single-family homes are valued at or below the average.
- The current value of the average commercial property is: \$871,507
- The taxes would be: \$15,538.97
- Currently, 77.34% of all of the commercial properties are valued under \$1,000,000

# Impact of Tax Shifts

Shift	Res Tax	Res Rate	Res Diff.	Res % Change	Comm Tax	Comm Rate	Comm Diff.	Comm % Change
1.00	6,117.65	17.83			15,538.97	17.83		
1.05	6,073.05	17.70	-44.60	-0.73%	16,314.61	18.72	775.64	4.99%
1.10	6,028.44	17.57	-89.21	-1.46%	17,090.25	19.61	1,551.28	9.98%
1.15	5,983.84	17.44	-133.81	-2.19%	17,865.89	20.50	2,326.92	14.97%
1.20	5,939.23	17.31	-178.42	-2.92%	18,641.53	21.39	3,102.56	19.97%
1.25	5,894.63	17.18	-223.02	-3.65%	19,417.18	22.28	3,878.21	24.96%
1.30	5,850.03	17.05	-267.63	-4.37%	20,201.53	23.18	4,662.56	30.01%
1.35	5,805.42	16.92	-312.23	-5.10%	20,977.17	24.07	5,438.20	35.00%
1.40	5,760.82	16.79	-356.83	-5.83%	21,752.81	24.96	6,213.84	39.99%
1.45	5,719.64	16.67	-398.01	-6.51%	22,528.46	25.85	6,989.49	44.98%
1.50	5,675.04	16.54	-442.61	-7.23%	23,304.10	26.74	7,765.13	49.97%

As you can see, the highest shift would result in commercial paying approximately **50%** more in taxes, while residential parcels would save just over **7%**.

# Split-rate Information

- In FY2017, 115 communities had a split tax rate.
- 95% of those communities have split the tax rate for more than 10 years.
- 84% have split the tax rate for more than 25 years.
- The average residential percentage for the split-rate communities is: 69.01%
- The average residential percentage for single-rate towns is 88.7%
- Of the 27 cities/towns in Plymouth County, 5 have a split rate.
- The average residential percentage of these 5 communities is 71.87%

# Some final bits of information...

- When determining values, we are governed by DOR regulations. We must analyze qualified sales from the last full calendar year, and adjust accordingly. For Fiscal Year 2018's values, we must use sales from Calendar Year 2016. Property values get adjusted after the sales analysis each year.
- Property values are submitted to and certified by the Department of Revenue each year.
- Property values may change as a result of building permit visits, sales inspections, random selection, or the DOR requirement to visit the property at least once in a nine-year period.

# In Closing,

- The Board of Assessors voted to recommend that the Board of Selectmen adopt a single tax rate.