

Town of Topsfield Fiscal Year 2020 Classification Hearing Packet



Presented by the
Board of Assessors

Lynn A. Conant, Chairman
John W. Minnehan, Clerk
Robert E. Kanter

Toula Guarino
Principal Assessor

November 18, 2019

FY2020

CLASSIFICATION INFORMATION

This information is intended to provide the Board of Selectmen with the necessary information to conduct a Public Hearing on the tax classification options available under the Massachusetts General Laws.

The tax rate is estimated for the purposes of this hearing. Final approval has not been given by the Department of Revenue.

Board of Selectmen must vote on the following in order to establish a tax rate:

- Minimum Residential Factor
- Open Space Discount
- Residential Exemption
- Small Commercial Exemption

Minimum Residential Factor

The Board of Selectmen vote to determine the percentage of the tax levy to be paid by each class of real property and personal property for the fiscal year. In determining these percentages the Board of Selectmen must first adopt a residential factor that must be an amount not less than the Minimum Residential Factor (MRF) calculated by the Commissioner of Revenue.

The residential factor adopted governs the percentage of the tax levy to be borne by residential property owners.

The Minimum Residential Factor for Fiscal 2020 is 95.9770%

Minimum Residential Factor continued:

The Board of Selectmen may vote to:

Adopt a residential factor of “1” that will result in the taxation of all classes of property at the same rate.

Adopt a low residential factor (no lower than statutory minimum of 65% for Topsfield) which will result in the residential class bearing a proportionately lower share of the total levy by shifting a larger portion to the commercial, industrial and personal property classes.

This option is often referred to as split rate: one for residential/open space, the other for commercial, industrial and personal property.

Minimum Residential Factor continued:

Residential Factor of “1”

Should the Board of Selectmen vote to adopt a residential factor of “1”, then the **estimated tax rate** for Fiscal 2020 would be \$17.42 for all classes.

Levy: \$25,140,464 / Value: \$1,443,019,087 = (0.01742) x 1000=Tax Rate: \$17.42

The tax for the average residential parcel would be \$10,536.89 and \$5,538.29 for the average commercial/industrial and personal property.

Historically, the Board of Selectmen has voted a residential factor of “1”.

*Tax rate used is subject to change. Must be approved by Dept. of Revenue

Minimum Residential Factor continued:

Maximum CIP Shift

The maximum shift to the CIP classes for Topsfield is 50%. If the Selectmen choose the maximum shift, the residential tax rate decreases to \$16.72 and the CIP tax rate increases to \$26.13 that results in a reduction of \$423.41 or 4% for the average residential property tax and an increase of \$2,769.14 or 50% for the average commercial/industrial and personal property tax.

The Selectmen may choose any percentage up to the maximum amount.

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Town of Topsfield

Tax Class Alternatives

VALUE OF AVERAGE RESIDENTIAL PARCEL: \$604,873

VALUE OF AVERAGE CIP PARCEL \$ 317,927

TAXES UNDER FULL AND FAIR CASH VALUE (SINGLE RATE FACTOR OF "1")

TAX RATE: \$ 17.42	TAXES \$ 10,536.89	TAX RATE: \$17.42	TAXES \$ 5,538.29
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TAXES UNDER CHAPTER 797 (SPLIT TAX RATE)

RESIDENTIAL /OPEN SPACE CLASSES					COMMERCIAL/INDUSTRIAL/PERSONAL PROPERTY CLASSES				
DIFFERENCE AS					DIFFERENCE AS				
SHIFT	TAX RATE	TAXES	DOLLAR	PERCENT	SHIFT	TAX RATE	TAXES	DOLLAR	PERCENT
10%	\$ 17.28	\$ 10,452.21	\$ (84.68)	-1%	10%	\$ 19.16	\$ 6,091.48	\$ 553.19	10%
20%	\$ 17.14	\$ 10,367.52	\$ (169.37)	-2%	20%	\$ 20.91	\$ 6,647.85	\$ 1,109.56	20%
30%	\$ 17.00	\$ 10,282.84	\$ (254.05)	-2%	30%	\$ 22.65	\$ 7,201.05	\$ 1,662.76	30%
40%	\$ 16.86	\$ 10,198.16	\$ (338.73)	-3%	40%	\$ 24.39	\$ 7,754.24	\$ 2,215.95	40%
50%	\$ 16.72	\$ 10,113.48	\$ (423.41)	-4%	50%	\$ 26.13	\$ 8,307.43	\$ 2,769.14	50%

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DLS Municipal Databank Report
Essex County CIP Shift / 2019

Municipality	Fiscal Year	CIP Value	Total Value	R/O % of Total Value	CIP % of Total Value	Lowest Residential Factor Allowed	Max CIP Shift Allowed	Residential Factor Selected	CIP Shift
Amesbury	2019	333,081,299	2,285,570,084	85.427	14.573	0.915	1.500	1.000	1.000
Andover	2019	1,495,380,731	8,321,337,426	82.030	17.970	0.836	1.750	0.874	1.572
Beverly	2019	930,579,425	6,981,237,905	86.670	13.330	0.885	1.750	0.890	1.712
Boxford	2019	52,828,749	1,823,526,949	97.103	2.897	0.985	1.500	1.000	1.000
Danvers	2019	1,210,567,703	5,164,067,719	76.558	23.442	0.847	1.500	0.878	1.400
Essex	2019	78,453,007	865,889,368	90.940	9.060	0.950	1.500	1.000	1.000
Georgetown	2019	110,702,801	1,319,232,776	91.609	8.391	0.954	1.500	1.000	1.000
Gloucester	2019	643,669,033	6,614,057,190	90.268	9.732	0.946	1.500	0.997	1.030
Groveland	2019	71,258,151	1,013,472,255	92.969	7.031	0.962	1.500	1.000	1.000
Hamilton	2019	78,363,136	1,669,716,936	95.307	4.693	0.975	1.500	1.000	1.000
Haverhill	2019	926,652,082	6,661,940,690	86.090	13.910	0.879	1.750	0.898	1.630
Ipswich	2019	299,008,002	2,952,112,631	89.871	10.129	0.944	1.500	1.000	1.000
Lawrence	2019	805,071,138	4,220,032,142	80.923	19.077	0.823	1.750	0.823	1.750
Lynn	2019	921,561,804	8,318,577,009	88.922	11.078	0.907	1.750	0.907	1.750
Lynnfield	2019	438,466,012	3,119,457,061	85.944	14.056	0.918	1.500	0.961	1.240
Manchester By The Sea	2019	163,753,716	2,443,466,556	93.298	6.702	0.964	1.500	1.000	1.000
Marblehead	2019	329,065,335	6,315,569,047	94.790	5.210	0.973	1.500	1.000	1.000
Merrimac	2019	37,041,416	826,206,705	95.517	4.483	0.977	1.500	1.000	1.000
Methuen	2019	769,105,406	5,571,226,722	86.195	13.805	0.880	1.750	0.880	1.750
Nahant	2019	40,592,835	898,048,630	95.480	4.520	0.976	1.500	1.000	1.000
Newbury	2019	68,869,693	1,564,714,916	95.599	4.401	0.977	1.500	1.000	1.000
Newburyport	2019	547,094,553	4,369,487,756	87.479	12.521	0.928	1.500	1.000	1.000
North Andover	2019	631,391,830	5,218,232,450	87.900	12.100	0.931	1.500	0.951	1.360
Peabody	2019	1,604,116,369	7,971,857,119	79.878	20.122	0.811	1.750	0.812	1.746
Rockport	2019	120,464,920	2,249,844,020	94.646	5.354	0.972	1.500	1.000	1.000
Rowley	2019	140,142,945	1,064,192,970	86.831	13.169	0.924	1.500	1.000	1.000
Salem	2019	863,650,876	5,470,468,285	84.213	15.788	0.859	1.750	0.869	1.700
Salisbury	2019	312,691,881	1,825,284,474	82.869	17.131	0.897	1.500	1.000	1.000
Saugus	2019	884,410,283	4,715,509,007	81.245	18.755	0.827	1.750	0.827	1.750
Swampscott	2019	213,120,086	3,016,007,254	92.934	7.066	0.943	1.750	0.947	1.700
Topsfield	2019	106,836,018	1,408,588,756	92.415	7.585	0.959	1.500	1.000	1.000
Wenham	2019	19,566,801	880,932,916	97.779	2.221	0.989	1.500	1.000	1.000

Open Space Discount

Open space is defined as “land which is not otherwise classified and which is not taxable under provisions of Chapters 61, 61A or 61B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.”

An exemption of up to 25% could be adopted for property classified as Class 2 Open Space.

The Board of Assessors has determined that Topsfield does not have an open space classification.

Residential Exemption

The residential exemption reduces the taxable valuation of each residential parcel that is a taxpayer's principal residence. Granting the exemption raises the residential tax rate for all classes and shifts the residential tax burden from low valued homes to higher valued homes.

Adoption of a residential exemption is of benefit only in those communities that have a substantial number of non-primary residences.

As almost all the improved residential parcels are the principal residences of the taxpayer, there is little or no benefit in adopting a residential exemption in Topsfield.

Small Commercial Exemption

- An exemption of up to 10% of the property valuation for eligible commercial properties, shifting the tax burden to ineligible commercial properties.
- Eligible business cannot have more than 10 employees as certified by the Dept. of Employment & Training.
- Building value cannot exceed \$1,000,000.
- Exemption goes to the building owner.
- This exemption is applicable in those communities that have a substantial commercial/industrial base, with a sufficient number of large employers.

TOWN OF TOPSFIELD

AVERAGE SINGLE FAMILY TAX BILL HISTORICALLY

Year	Single Family Values	Single Family Parcels	Average Single Family Value	Tax Rate	Single Family Tax Bill*	Change From Previous Year	% Change From Prev. Year
2000	531,519,500	1,770	300,294	\$14.92	\$4,480.00		
2001	629,916,700	1,791	351,712	\$13.90	\$4,889.00	\$409	9.13%
2002	685,660,100	1,802	380,500	\$13.70	\$5,213.00	\$324	6.63%
2003	798,389,300	1,809	441,343	\$12.74	\$5,623.00	\$410	7.86%
2004	887,564,500	1,821	487,405	\$12.20	\$5,946.00	\$323	5.74%
2005	961,765,200	1,823	527,573	\$12.06	\$6,363.00	\$417	7.01%
2006	1,000,838,800	1,824	548,705	\$11.66	\$6,398.00	\$35	0.55%
2007	1,067,155,700	1,830	583,145	\$11.57	\$6,747.00	\$349	5.45%
2008	1,068,689,500	1,833	583,028	\$12.02	\$7,008.00	\$261	3.87%
2009	1,027,248,000	1,836	559,503	\$12.88	\$7,206.00	\$198	2.83%
2010	977,312,000	1,836	532,305	\$13.87	\$7,383.00	\$177	2.46%
2011	943,172,100	1,839	512,872	\$14.83	\$7,606.00	\$223	3.02%
2012	938,002,100	1,848	507,577	\$15.45	\$7,842.00	\$236	3.10%
2013	937,100,700	1,852	505,994	\$15.95	\$8,071.00	\$229	2.92%
2014	936,271,800	1,862	502,831	\$16.16	\$8,126.00	\$55	0.68%
2015	969,204,200	1,869	518,568	\$16.45	\$8,530.00	\$404	4.97%
2016	1,001,861,400	1,873	534,897	\$16.52	\$8,836.00	\$306	3.59%
2017	1,035,488,200	1,876	551,966	\$16.93	\$9,344.78	\$509	5.76%
2018	1,093,863,600	1,876	583,083	\$17.36	\$10,122.32	\$778	8.32%
2019	1,126,105,400	1,877	599,950	\$17.00	\$10,199.14	\$854	9.14%
2020	1,144,261,100	1,878	609,298	\$17.42	\$10,613.97	\$415	4.07%

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**CURRENT TO PRESENT
VALUATION COMPARISON
BY CLASS**

PROPERTY TYPE	DESCRIPTION	FY 2019 Parcel Count	FY 2019 Assessed Value	FY 2020 Parcel Count	FY 2020 Assessed Value	Assessed Value Diff	Assessed Value % Diff
Total Class 1	TOTAL RESIDENTIAL	2,179	1,301,752,738	2,208	1,335,559,836	33,807,098	2.6%
Total Class 2	TOTAL OPEN SPACE						
Total Class 3	TOTAL COMMERCIAL	155	67,272,079	154	67,036,387	-235,692	-0.4%
Total Class 4	TOTAL INDUSTRIAL	58	18,438,959	58	19,476,504	1,037,545	5.6%
Total Class 5	TOTAL PERSONAL PROPERTY	133	21,124,980	126	20,946,360	-178,620	-0.8%
Total Taxable	TOTAL REAL & PERSONAL	2,525	1,408,588,756	2,546	1,443,019,087	34,430,331	2.4%

Calendar Year Comparison 2017 to 2018 Single Family Sales Activity

	2017	2018
Single Family Homes Sold	80	82
Average Days on Market	83	63
Average Sale Price	\$690,911.88	\$730,302

Based on 2019 MLS Property Information