

# Town of Topsfield Fiscal Year 2022 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 22, 2021

FY2022

CLASSIFICATION INFORMATION

This information is intended to provide the Select Board with the necessary information to conduct a Classification 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.

The tax rate is subject to change.

The Select Board 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 Select Board votes 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 Select Board 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 2022 is 96.0790%**

## The Select Board 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 Select Board vote to adopt a residential factor of “1”, then the **estimated tax rate** for Fiscal 2022 would be \$16.65 for all classes.

Levy: \$27,019,555.99/ Value: \$1,622,796,155.00 = (0.01665)  
x 1000=Tax Rate: \$16.65.

The tax for the average residential parcel would be \$11,285.94 and \$5,795.80 for the average commercial/industrial and personal property.

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

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 \$16.00 and the CIP tax rate increases to \$24.98 that results in a reduction of \$444.60 or 4% for the average residential property tax and an **increase** of \$2,899.64 or 50% for the average commercial/industrial and personal property tax.

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

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

# Town of Topsfield

## Tax Class Alternatives

VALUE OF AVERAGE RESIDENTIAL PARCEL: <span style="float: right;"><b>\$677,834</b></span>	VALUE OF AVERAGE CIP PARCEL <span style="float: right;"><b>\$ 348,096</b></span>
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<b>TAXES UNDER FULL AND FAIR CASH VALUE</b>					
(SINGLE RATE FACTOR OF "1")					
TAX RATE: \$ 16.65		TAXES	\$ 11,285.94	TAX RATE: \$16.65	TAXES
					\$ 5,795.80

<b>TAXES UNDER CHAPTER 797 (SPLIT TAX RATE)</b>									
<b>RESIDENTIAL /OPEN SPACE CLASSES</b>					<b>COMMERCIAL/INDUSTRIAL/PERSONAL PROPERTY CLASSES</b>				
DIFFERENCE AS					DIFFERENCE AS				
SHIFT	TAX RATE	TAXES	DOLLAR	PERCENT	SHIFT	TAX RATE	TAXES	DOLLAR	PERCENT
10%	\$ 16.52	\$ 11,197.82	\$ (88.12)	-1%	10%	\$ 18.32	\$ 6,377.12	\$ 581.32	10%
20%	\$ 16.39	\$ 11,109.70	\$ (176.24)	-2%	20%	\$ 19.98	\$ 6,954.96	\$ 1,159.16	20%
30%	\$ 16.26	\$ 11,021.58	\$ (264.36)	-2%	30%	\$ 21.65	\$ 7,536.28	\$ 1,740.48	30%
40%	\$ 16.13	\$ 10,933.46	\$ (352.48)	-3%	40%	\$ 23.31	\$ 8,114.12	\$ 2,318.32	40%
50%	\$ 16.00	\$ 10,845.34	\$ (440.60)	-4%	50%	\$ 24.98	\$ 8,695.44	\$ 2,899.64	50%

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DLS Databank Report  
CIP Shift Essex County / 2021

Municipality	Fiscal Year	CIP Value	Total Value	R/O % of Total Value	CIP % of Total Value	Lowest Residential Factor	Max CIP Shift Allowed	Residential Factor Selected	CIP Shift
Amesbury	2021	352,995,858	2,620,782,895	86.5309	13.4691	0.922171	1.500000	1.000000	1.00000
Andover	2021	1,686,972,311	9,027,670,557	81.3133	18.6867	0.827642	1.750000	0.864411	1.59000
Beverly	2021	1,043,248,451	7,827,342,827	86.6718	13.3282	0.884666	1.750000	0.886820	1.73539
Boxford	2021	58,110,983	1,937,882,886	97.0013	2.9987	0.984542	1.500000	1.000000	1.00000
Danvers	2021	1,269,823,140	5,524,328,344	77.0140	22.9860	0.850767	1.500000	0.878500	1.40708
Essex	2021	88,023,554	964,479,074	90.8735	9.1265	0.949784	1.500000	1.000000	1.00000
Everett	2021	2,172,032,753	6,936,448,552	68.6867	31.3133	0.658085	1.750000	0.658085	1.75000
Georgetown	2021	129,101,831	1,403,072,899	90.7986	9.2014	0.949331	1.500000	1.000000	1.00000
Gloucester	2021	699,653,440	7,222,710,570	90.3132	9.6868	0.946371	1.500000	0.996800	1.02983
Groveland	2021	79,010,844	1,122,722,911	92.9626	7.0374	0.962149	1.500000	1.000000	1.00000
Hamilton	2021	70,096,654	1,736,105,104	95.9624	4.0376	0.978963	1.500000	1.000000	1.00000
Haverhill	2021	998,250,535	7,457,651,709	86.6144	13.3856	0.884093	1.750000	0.899500	1.65031
Ipswich	2021	341,375,348	3,245,099,399	89.4803	10.5197	0.941217	1.500000	1.000000	1.00000
Lawrence	2021	1,046,230,052	5,251,039,912	80.0758	19.9242	0.813387	1.750000	0.813400	1.74995
Lynn	2021	1,046,401,365	9,918,669,040	89.4502	10.5498	0.911544	1.750000	0.911544	1.75001
Lynnfield	2021	462,237,183	3,420,423,372	86.4860	13.5140	0.921872	1.500000	0.942200	1.36990
Manchester By The Sea	2021	180,997,496	2,690,745,966	93.2733	6.7267	0.963940	1.500000	1.000000	1.00000
Marblehead	2021	340,290,230	6,946,017,256	95.1009	4.8991	0.974242	1.500000	1.000000	1.00000
Merrimac	2021	39,881,207	936,032,626	95.7393	4.2607	0.977748	1.500000	1.000000	1.00000
Methuen	2021	841,579,786	6,444,384,399	86.9409	13.0591	0.887345	1.750000	0.887345	1.75000
Middleton	2021	416,196,464	2,273,787,268	81.6959	18.3041	0.887974	1.500000	1.000000	1.00000
Nahant	2021	39,071,871	1,036,370,381	96.2299	3.7701	0.980410	1.500000	1.000000	1.00000
Newbury	2021	75,357,124	1,688,355,377	95.5367	4.4633	0.976640	1.500000	1.000000	1.00000
Newburyport	2021	590,902,345	4,828,252,824	87.7616	12.2384	0.930275	1.500000	1.000000	1.00000
North Andover	2021	706,631,540	5,431,500,140	86.9901	13.0099	0.925221	1.500000	0.955133	1.30000
Peabody	2021	1,644,003,962	8,774,586,038	81.2640	18.7360	0.827082	1.750000	0.827082	1.75000
Rockport	2021	136,871,124	2,467,206,800	94.4524	5.5476	0.970633	1.500000	1.000000	1.00000
Rowley	2021	156,151,114	1,147,986,909	86.3978	13.6022	0.921282	1.500000	1.000000	1.00000
Salisbury	2021	362,156,727	2,078,399,113	82.5752	17.4248	0.894491	1.500000	1.000000	1.00000
Saugus	2021	929,197,852	5,256,015,498	82.3213	17.6787	0.838936	1.750000	0.838936	1.75000
Swampscott	2021	243,498,009	3,409,663,723	92.8586	7.1414	0.942320	1.750000	0.946165	1.70001
Topsfield	2021	109,052,708	1,463,800,844	92.5500	7.4500	0.959751	1.500000	1.000000	1.00000
Wenham	2021	18,595,048	925,512,543	97.9909	2.0091	0.989748	1.500000	1.000000	1.00000

# 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 all residential properties that are a taxpayer's principal residence.

Adopting the exemption increases the residential tax rate. This higher rate creates a shift within the residential class that reduces the taxes paid by homeowners with moderately valued properties.

Those taxes are then paid by owners of rental properties, vacation homes and higher valued homes.

Residential Exemption continued:

- Adoption of a residential exemption is of benefit in those communities that have a substantial number of non-owner occupied properties such as apartment buildings and vacation homes.
- 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

## WHAT IS A 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, not to the business.
- This exemption is applicable in those communities that have a substantial commercial/industrial base, with a sufficient number of large employers.



# Calendar Year Comparison 2019 to 2020 Single Family Sales Activity

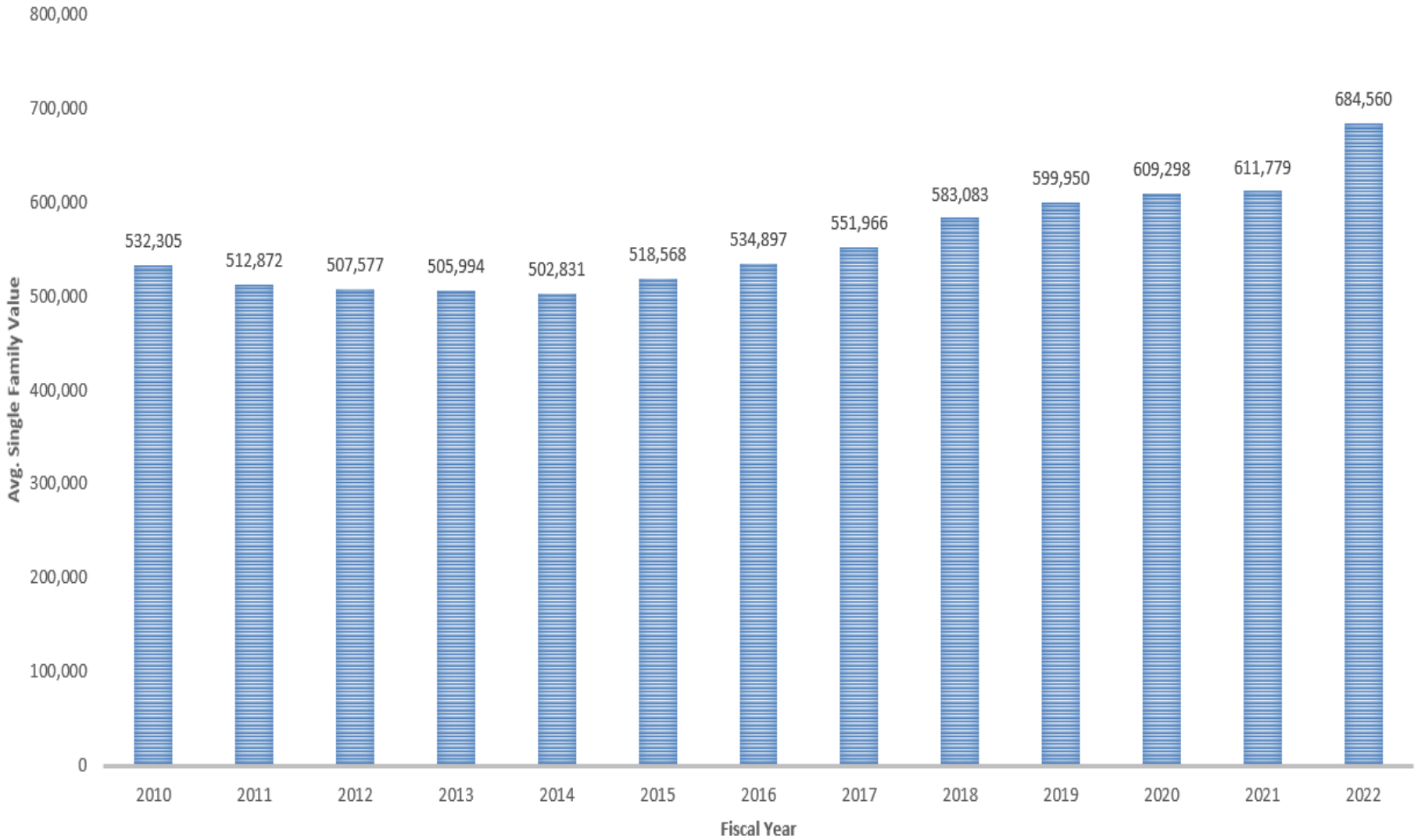
	2019	2020
Single Family Homes Sold	94	71
Average Days on Market	66	33
Average Sale Price	\$660,494	\$696,545

Based on 2021 MLS Property Information

CURRENT TO PRESENT  
VALUATION COMPARISON  
BY CLASS

PROPERTY TYPE	DESCRIPTION	FY 2021 Parcel Count	FY 2021 Assessed Value	FY 2022 Parcel Count	FY 2022 Assessed Value	Assessed Value Diff	Assessed Value % Diff
Total Class 1	TOTAL RESIDENTIAL	2,222	1,354,748,136	2,220	1,504,791,478	150,043,342	11.1%
Total Class 2	TOTAL OPEN SPACE	0	0	0	0	0	
Total Class 3	TOTAL COMMERCIAL	150	66,906,264	150	71,413,673	4,507,409	6.7%
Total Class 4	TOTAL INDUSTRIAL	58	19,706,204	58	21,435,654	1,729,450	8.8%
Total Class 5	TOTAL PERSONAL PROPERTY	130	22,440,240	131	25,155,350	2,715,110	12.1%
Total Taxable	TOTAL REAL & PERSONAL	2,560	1,463,800,844	2,559	1,622,796,155	158,995,311	10.9%

# AVERAGE SINGLE FAMILY VALUE





**TOWN OF TOPSFIELD**

**AVERAGE SINGLE FAMILY TAX BILL HISTORICALLY**

<b>Year</b>	<b>Single Family Values</b>	<b>Single Family Parcels</b>	<b>Average Single Family Value</b>	<b>Tax Rate</b>	<b>Single Family Tax Bill*</b>	<b>Change From Previous Year</b>	<b>% Change From Prev. Year</b>
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	\$77	0.76%
2020	1,144,261,100	1,878	609,298	\$17.42	\$10,613.97	\$415	4.07%
2021	1,150,755,800	1,881	611,779	\$17.92	\$10,963.07	\$349	3.29%
<b>2022</b>	<b>1,289,710,800</b>	<b>1,884</b>	<b>684,560</b>	<b>\$16.65</b>	<b>\$11,397.92</b>	<b>\$435</b>	<b>3.97%</b>

\*Tax rate used is estimated and subject to change.

Must be approved by Dept. of Revenue

# ACTIONS BY THE BOARD

- Motion to select a Residential Factor of “1”
- Motion to not adopt an open space discount
- Motion to (adopt/not adopt) residential exemption
- Motion to (adopt/not adopt) a small commercial exemption