



Fiscal Year 2024

Tax Classification Hearing

November 28, 2023

Egremont Board of Assessors

Susan Turner - Chairman

Francine Groener - Member

Alice Tortoriello - 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 \$5,080,117 in property tax revenues. The tax levy has increased \$35,893(0.7%) over last year's levy of \$5,044,228.

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the Town. Based on the Egremont's aggregate valuation of \$830,084,454, the town cannot levy taxes in excess of \$20,752,111.

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 \$40,686.

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 2024 the levy limit is \$5,152,458.

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

The Fiscal Year 2024 Levy Limit and Amount to be Raised

The following is a calculation of Egremont's levy limit for fiscal year 2024.

Fiscal year 2023 levy limit	\$4,987,095
Levy increase allowed under Prop. 2 ½	124,677
New growth revenue	40,686
Excluded Debt to Pay Bonds (final pending acct)	101,000
Fiscal year 2024 levy limit	5,253,458
Levy to be raised	\$5,080,117
Excess levy capacity	\$173,341

Valuations by Class Before Tax Shift

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs CIP%</u>
Residential	791,478,267	95.3491	95.3491
Commercial	25,940,334	3.1250	
Industrial	0	0.0000	4.6509
Personal Property	12,665,853	1.5259	
TOTAL	830,084,454	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 Egremont’s relatively small commercial, industrial, and personal property tax base, it takes a CIP tax rate increase of approximately 20% to yield a 1% residential tax rate reduction.

Tax Rates

The estimated single tax rate for fiscal year 2024 is \$6.12 per thousand valuation.

<u>Property Class</u>	<u>FY2024</u>	<u>FY2023</u>
Residential	\$6.12	7.00
Commercial	\$6.12	7.00
Industrial	\$6.12	7.00
Personal Property	\$6.12	7.00

Note that the FY2024 rate is an estimate and may change upon Department of Revenue review.

Tax Rates History

Fiscal Year 2022	\$7.93	Fiscal Year 2019	\$9.57
Fiscal Year 2021	\$9.35	Fiscal Year 2018	\$9.62
Fiscal Year 2020	\$9.49		

Tax Rate Options

CIP Shift Factor	Res Shift Factor	CIP Rate	Res Rate
1.0000	1.0000	6.12	6.12
1.1000	0.9951	6.09	6.73
1.2000	0.9902	6.06	7.34
1.3000	0.9854	6.03	7.96
1.4000	0.9805	6.00	8.57
1.5000	0.9756	5.97	9.18

Tax Impacts

Examples of Typical Tax Changes Under a Single Tax Rate

<u>Property Class</u>	<u>Average FY23 Value</u>	<u>Avg. Tax</u>	<u>Average FY24 Value</u>	<u>Avg. Tax</u>	<u>Change</u>
Single Family Homes	\$693,200	\$4,852	\$802,200	\$4,909	\$57 (1.1%)
2-3 Family Homes	\$514,400	\$3,601	\$591,000	\$3,616	\$15(0.4%)
Commercial	\$942,000	\$6,594	\$1,077,700	\$6,596	\$2 (0.039%)

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 Egremont.

Voting a Tax Shift Factor (proposed motion)

The Egremont 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 2024 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	790	633,698,500	-0-	-0-	-0-
102-Condominiums	0	-0-	-0-	-0-	-0-
103,109-Misc Res	41	71,968,300	-0-	-0-	-0-
104-Two Family	14	7,719,900	-0-	-0-	-0-
105-Three Family	2	1,736,100	-0-	-0-	-0-
111-125-Apartments	2	1,162,600	-0-	-0-	-0-
130's-Vacant Land	206	29,328,100	-0-	-0-	-0-
012-043-Mixed Use	28	45,864,767	8,399,650	-0-	-0-
300-393-Commercial	15	-0-	16,165,700	-0-	-0-
400-452-Industrial	0	-0-	-0-	-0-	-0-
500-508-Pers. Prop.	304	-0-	-0-	-0-	12,665,853
600's-Forestry	9	-0-	14,350	-0-	-0-
700's-Agricultural	72	-0-	940,676	-0-	-0-
800's-Recreation	8	-0-	419,958	-0-	-0-
TOTAL BY CLASS	1,491	791,478,267	25,940,334	-0-	12,665,853
TOTAL TAXABLE PROPERTIES					830,084,454
TOTAL TAX EXEMPT PROPERTIES					107,916,700