

The Town of Duxbury

FY 2022 Tax Classification Hearing

November 15, 2021

Tax Classification Advertisement

The Board of Selectmen will hold a Public Hearing in the Mural Room, Town Hall, 878 Tremont Street, on Monday, November 15, 2021 at 7:05pm regarding the allocation of the FY 2022 tax levy among the various classes of property in the Town. This hearing, which is required by State Law, will give interested citizens an opportunity to comment on local property tax policy as it will be applied for FY 2022. All real estate in the Town of Duxbury is classified according to use. The allocation of the tax levy may be adjusted, within certain limits, by the Board of Selectmen between the residential property class and the combined commercial/industrial/personal property classes. Relevant information will be provided by the Assessing Department at this hearing. All interested citizens are invited to attend this meeting and present their views to the Board of Selectmen. As a courtesy, residents may also participate remotely as follows:

Join Webinar at www.zoom.us

Webinar ID: 945 7805 3101

Passcode: 565677

BOARD OF SELECTMEN

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Posted in the
Duxbury Clipper on
October 27, 2021
November 3, 2021

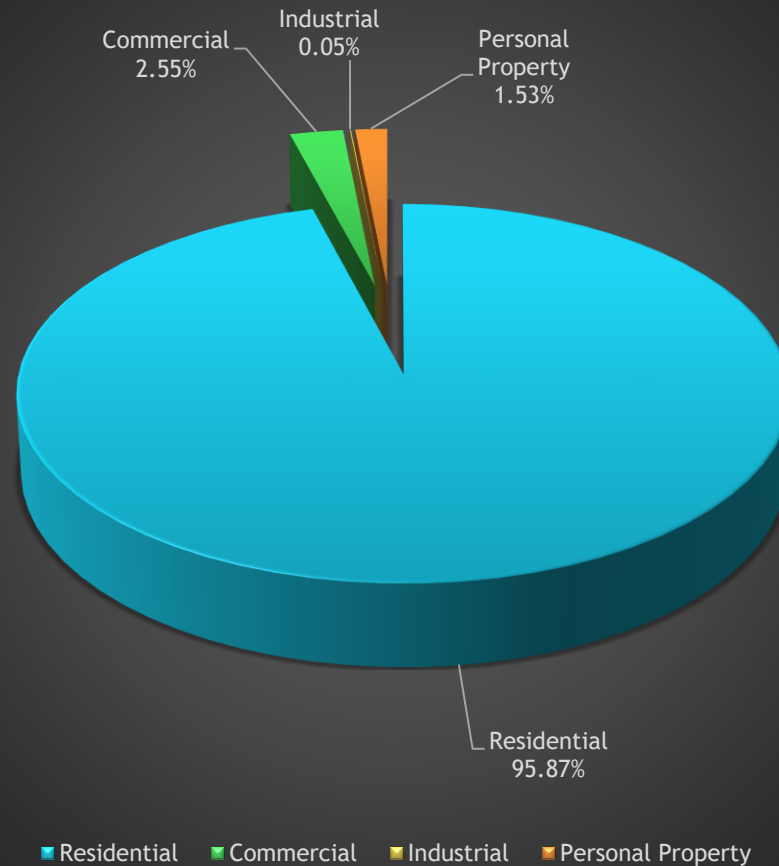
Tax Classification Hearing - Purpose

The Four Sections of Certification under M.G.L. Chapter 46 § 56

1. Selecting a Residential Factor – Duxbury has historically used a factor of 1.00 which provides one tax rate on all classes of property.
2. Grant a discount to Open Space
3. Adopt a residential exemption
4. Adopt a small commercial exemption

Valuation by Class

Residential	5,019,247,098	95.87%
Commercial	133,307,722	2.55%
Industrial	2,730,800	0.05%
Personal Property	79,925,710	1.53%
	5,235,211,330	100.00%



FY 2022 TAXABLE VALUE by Class

Class Description	FY 2021 Parcel Count	FY 2021 Assessed Value	FY 2022 Parcel Count	FY 2022 Assessed Value	Parcel Diff	Parcel % Diff	Assessed Value Diff	Assessed Value % Diff
TOTAL RESIDENTIAL	5,995	4,407,492,535	5,993	5,019,247,098	-2	0.0%	611,754,563	13.9%
TOTAL COMMERCIAL	155	99,763,089	151	133,307,722	-4	-2.6%	33,544,633	33.6%
TOTAL INDUSTRIAL	3	2,739,100	3	2,730,800	0		-8,300	-0.3%
TOTAL PERSONAL	666	69,783,770	642	79,925,710	-24	-3.6%	10,141,940	14.5%
TOTAL REAL & PERSONAL	6,819	4,579,778,494	6,789	5,235,211,330	-30	-0.4%	655,432,836	14.3%

Fiscal Year 2022 Single Family – Class 101

	2021		2022	
		% Change		% Change
Parcel Count	4906	0.20%	4922	0.33%
Tax Rate	14.48	-1.23%	\$12.84	-11.33%
Average Bill	\$11,259.65	2.90%	\$11,466.12	1.83%
Average Bill Change	\$317.42	17.62%	\$206.47	-34.95%
Average Value	777,600	4.18%	\$893,000	14.84%
Median Bill	8,929.82	1.81%	8,796.68	-1.49%
Median Bill Change	158.74	-41.18%	-133.13	-183.87%
Median Value	616,700	3.08%	\$685,100	11.09%

This data represents the single family class of property in Duxbury which is 83.96% of the Town by value. No other class is higher than 4.71% of the Town. The entire residential class however makes up 95.87% of the Town.

Fiscal Year 2022 – New Growth

	2021	%	2022	%
		change		change
		from '20		from '21
Real Value	34,038,509	3.33%	36,520,900	7.29%
Personal Value	10,906,090	44.76%	3,359,610	-69.20%
Total Growth Value	44,944,599	23.01%	39,880,510	-11.27%
Levy Growth	658,888	22.84%	577,470	-12.36%

New growth tax levy decreased by -12.36% for FY2022. The Personal Property and condominium classes were significantly lower than last years but the Tax Levy was increased by \$577,470

Fiscal Year 2022 – Tax Levy & Debt

	2021	%	2022	%
		change		change
		from '20		from '21
Tax Levy	66,315,192.60	3.33%	67,220,113.48	1.36%
Debt	7,157,289	-2.45%	6,171,241	-13.78%
CPA	566,134	2.89%	588,929	4.02%

The Tax Levy is the amount to be raised from the real and personal property values of the Town. The tax rate is determined by dividing the tax levy by the new values to get a Tax Rate of \$12.84 per \$1,000 of value

Classification Tax Allocation

The following information summarizes the options available to the Board of Selectmen in determining the allocation of the local property tax levy among the property classes, residential, open space, commercial and industrial and personal property.

I. Shifting the Tax Factor	Affects All Properties
II. Open Space Discount	Affects Only Residential Properties
III. Residential Exemption	Affects Only Residential Properties
IV. Small Commercial Exp	Affects Only Commercial & Industrial

The town has never voted for these shifts. Doing so would shift the Tax Levy burden within a class or throughout all classes.

I. Residential Factor – Split Rate

Adoption of a Single or Split Tax Rate

Shifting the Tax Burden involves the Board of Selectmen voting to select a Residential Factor no higher than 1.50 or maintaining the single tax rate. Shifting the rate from 1.00 increases taxes for Mixed-Use, Commercial and Industrial and Personal Property (CIP) owners.

Due to the very small percentage of CIP classes within the Town of Duxbury, only 4.13% - a Split Tax Rate could be detrimental to the local businesses in Town.

Please see the next page showing the effects of split rate.

Residential Factor

CIP Shift	Res Factor	TAX RATES		SINGLE FAMILY			COMMERCIAL		
		RES TAX RATE	CIP TAX RATE	AVERAGE TAX BILL	% CHANGE FROM AVERAGE	\$ CHANGE FROM AVERAGE	AVERAGE TAX BILL	% CHANGE FROM AVERAGE	\$ CHANGE FROM AVERAGE
1.0000	1.0000	12.84	12.84	\$11,466.12			\$12,851.56		
1.1000	0.9957	12.78	14.12	\$11,412.54	-0.47%	\$ (53.58)	\$14,132.71	9.97%	\$ 1,281.15
1.2000	0.9914	12.73	15.41	\$11,367.89	-0.86%	\$ (98.23)	\$15,423.87	20.02%	\$ 2,572.31
1.3000	0.9871	12.67	16.69	\$11,314.31	-1.32%	\$ (151.81)	\$16,705.02	29.98%	\$ 3,853.47
1.4000	0.9828	12.62	17.98	\$11,269.66	-1.71%	\$ (196.46)	\$17,996.18	40.03%	\$ 5,144.63
1.5000	0.9785	12.56	19.26	\$11,216.08	-2.18%	\$ (250.04)	\$19,277.33	50.00%	\$ 6,425.78

Note: This table should be used for planning purposes only. Actual calculations may differ slightly due to rounding. For actual calculations, complete Recap.

II. Open Space Discount

Open Space is defined in M.G.L. Chapter 59, section 2A as: ...land which is not otherwise classified and which is not taxable under the provisions of chapters sixty-one, sixty-one A or sixty-one B, 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.

State law allows properties classified as Open Space to be taxed at a rate discounted up to 25% from the uniform tax rate. The tax dollars lost by the discount are shifted to the residential class of properties, which includes developable vacant land. The local Board of Assessors must develop the criteria that must be met in order to classify a parcel as Open Space that meets the “significant contribution” for the benefit and enjoyment of the public criteria. In 2021 there 17 communities using Open Space Discount in Massachusetts.

Open Space Discount however has no lien attached to this class that would provide a Right of First Refusal to the Town should an owner want to sell the land in the future.

III. Residential Exemption

Of the 351 communities in Massachusetts 15 have adopted the Residential Exemption in FY2021. They tend to be communities with a large number of **apartment buildings** (Boston, Brookline, Cambridge and Chelsea) or a large number of **second homes** (Barnstable, Tisbury and Nantucket).

If adopted, the Residential Exemption would shift the tax burden within the Residential Class from domiciled to non-domiciled taxpayers. This exemption reduces, by the adopted percentage, which may be between 20-35% of the average assessed value of all residential parcels, the taxable valuation of each residential parcel that is a taxpayers' principal residence. The residential exemption does not reduce the residential share of the tax levy for the fiscal year. Rather, the total tax reduction is offset by an increase in the residential tax rate which shifts the taxes not paid by eligible homeowners to residential properties not occupied by the owner. Thus, the Town will raise the full amount of the tax levy despite the higher tax break to some eligible homeowners.

This option shifts more of the residential burden to Non-Domiciled taxpayers. A possible downside of this shift is that those living in **rental housing** (with non-domiciled owners) are likely to have lower incomes than those who qualify to purchase homes. And, if the taxes increase for those landlords, it is likely that the increase will be passed along to the tenants. Also a complex like The Village at Duxbury and Island Creek Village would see a significant increase as well.

III. Residential Exemption – at 20%

	Without Residential Exemption					
Assessed Value	\$685,100	\$800,000	\$893,000	\$900,005	\$1,000,000	\$1,100,000
Tax Rate	\$12.84	\$12.84	\$12.84	\$12.84	\$12.84	\$12.84
Tax Bill	\$8,796.68	\$10,272.00	\$11,466.12	\$11,556.06	\$12,840.00	\$14,124.00
	With Residential Exemption					
Assessed Value	\$685,100	\$800,000	\$893,000	\$900,005	\$1,000,000	\$1,100,000
Exemption	\$166,752	\$166,752	\$166,752	\$166,752	\$166,752	\$166,752
Net Value	\$518,348	\$633,248	\$726,248	\$733,253	\$833,248	\$933,248
Tax Rate	\$15.76	\$15.76	\$15.76	\$15.76	\$15.76	\$15.76
Tax Bill	\$8,169.16	\$9,979.98	\$11,445.66	\$11,556.06	\$13,131.98	\$14,707.98
Tax Bill Change	-\$627.53	-\$292.02	-\$20.46	\$0.00	\$291.98	\$583.98

IV Small Commercial Exemption

Of the 351 communities in Massachusetts 14 adopted the Small Commercial Exemption in FY2021 with all but two Towns having a split tax rate. If adopted, the Small Commercial Exemption would shift the burden so that qualified Commercial and Chapter Land properties could receive the benefit but the burden would be shifted to the other Commercial and all Industrial Properties. The exemption allows for up to a 10% reduction in value to qualifying properties.

As determined by statute, to be eligible for the Small Commercial Exemption, properties must:

- 1) Have an assessed value of less than one million dollars and
- 2) Be occupied by a business which has been certified by the *Dept. of Unemployment Assistance* as having no more than an average of ten employees in the previous year.

Summary of FY 2022 Levy

	2021	2022	% CHANGE	% of LEVY
RES	63,820,492	64,447,133	0.98%	95.87%
COMM	1,444,133	1,711,671	18.49%	2.55%
IND	39,662	35,063	-11.60%	0.05%
PP	1,010,469	1,026,246	1.56%	1.53%
TOTAL	66,315,193	67,220,113	1.36%	100.00%

The estimated tax rate for Duxbury in FY2022 is \$12.84 provided the Board of Selectmen continue the prior history of maintaining a single tax rate on all property classes. Based on this rate and the Tax Levy amount that will leave an excess levy capacity of \$226,394.52