

The Town of Duxbury

FY 2023 Tax Classification Hearing

November 14, 2022

Tax Classification Advertisement

The Selectboard will hold a Public Hearing in the Mural Room, Town Hall, 878 Tremont Street, on Monday, November 14, 2022 at 7:05pm regarding the allocation of the FY 2023 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 2023. 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 Selectboard 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

Phone: 1-301-715-8592

SELECTBOARD

Fernando Guitart, Chair

Cynthia Ladd Fiorini, Vice Chair

Michael McGee, Clerk

Theodore J. Flynn

Amy M. MacNab

Posted in the
Duxbury Clipper on
October 26, 2022
November 2, 2022

November 14, 2022

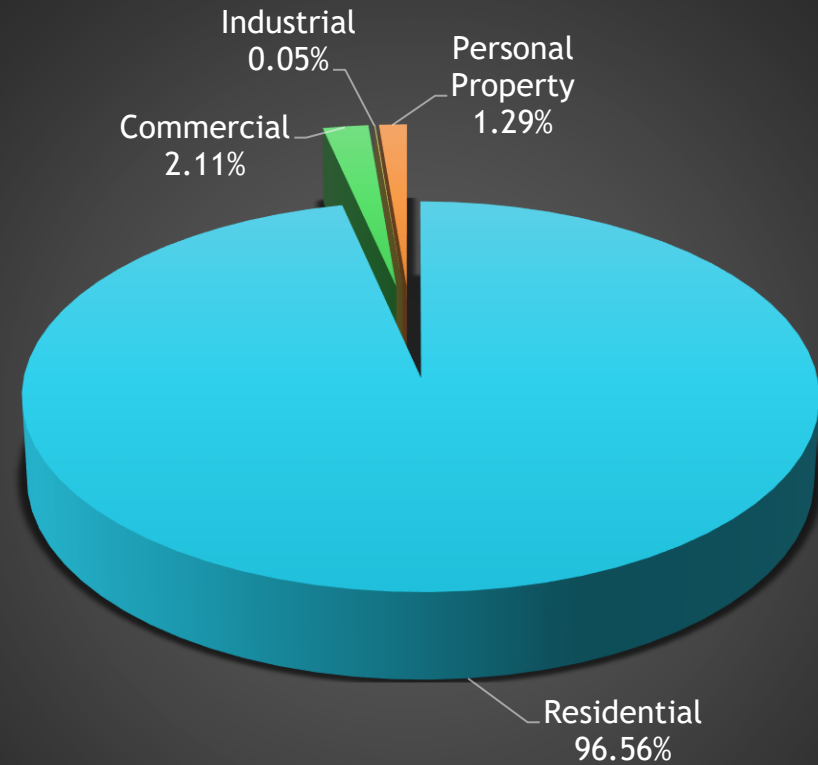
Tax Classification Hearing - Options

The Four Sections of Certification under M.G.L. Chapter 40 § 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

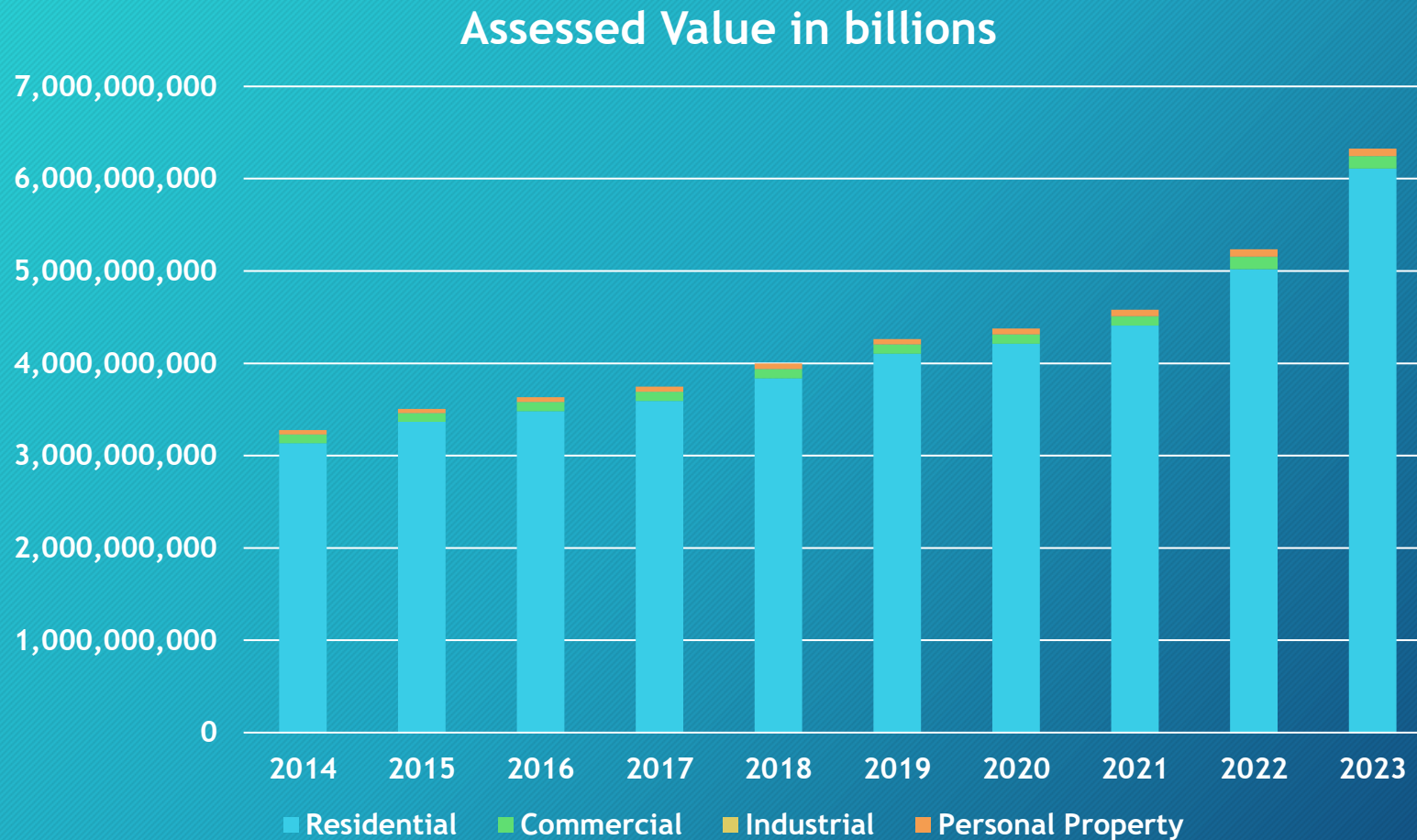
Town Valuation by Class

Residential	6,109,434,439	96.56%
Commercial	133,527,441	2.11%
Industrial	2,921,100	0.05%
Personal Property	81,335,690	1.29%
	6,327,218,670	100.00%



■ Residential ■ Commercial ■ Industrial ■ Personal Property

Ten Year Valuation History



FY 2023 TAXABLE VALUE by Class

Class Description	FY 2022 Parcel Count	FY 2022 Assessed Value	FY 2023 Parcel Count	FY 2023 Assessed Value	Parcel Diff	Parcel % Diff	Assessed Value Diff	Assessed Value % Diff
TOTAL RESIDENTIAL	5,993	5,019,247,098	6,009	6,109,434,439	16	0.3%	1,090,187,341	21.72%
TOTAL COMMERCIAL	151	133,307,722	148	133,527,441	-3	-2.0%	219,719	0.16%
TOTAL INDUSTRIAL	3	2,730,800	4	2,921,100	1	33.3%	190,300	6.97%
TOTAL PERSONAL	642	79,925,710	571	81,335,690	-71	-11.1%	1,409,980	1.76%
TOTAL REAL & PERSONAL	6,789	5,235,211,330	6,732	6,327,218,670	-57	-0.8%	1,092,007,340	20.86%

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Fiscal Year 2023 Single Family – Class 101

	2022		2023	
		% Change		% Change
Parcel Count	4922	0.33%	4935	0.26%
Tax Rate	\$12.84	-11.33%	\$10.69	-16.74%
Average Bill	\$11,466.12	1.83%	\$11,664.93	1.73%
Average Bill Change	\$206.47		\$198.81	
Average Value	\$893,000	14.84%	\$1,091,200	22.19%
Median Bill	\$8,796.68	-1.49%	\$9,025.57	2.60%
Median Bill Change	(\$133.13)		\$228.88	
Median Value	\$685,100	11.09%	\$844,300	23.24%

This data represents the single family class of property in Duxbury which is 85.11% of the Town by value. No other class is higher than 4.66% in the Town. The entire residential class makes up 96.56% of the Town.

Fiscal Year 2023 – New Growth

	2022	%	2023	%
		change		Change
		from '21		from '22
Real Value	36,520,900	7.29%	42,997,300	17.73%
Personal Value	3,359,610	-69.20%	4,286,660	27.59%
Total Growth Value	39,880,510	-11.27%	47,283,960	18.56%
Levy Growth	577,470	-12.36%	607,126	5.14%

New growth tax levy increased by 5.14% for FY2023. Personal Property utility accounts helped bring that class back into positive gains. Tax Levy increased by \$607,126

Fiscal Year 2023 – Tax Levy & Debt

	2022	%	2023	%
		Change		change
		from '21		from '22
Tax Levy	67,220,113.48	1.36%	67,637,967.58	0.62%
Debt	6,171,241	-13.78%	6,015,257	-2.53%
CPA	588,929	2.89%	606,731	3.02%

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 levy by the new values, no one Board or person sets the rate it is solely a function of the Tax Levy and values

Classification Tax Allocation

The following information summarizes the options available to the Selectboard 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 Selectboard 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 3.44%, 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	10.69	10.69	\$11,664.93			\$10,471.92		
1.1000	0.9964	10.65	11.76	\$11,621.28	-0.37%	\$ (43.65)	\$11,520.10	10.01%	\$ 1,048.17
1.2000	0.9929	10.61	12.83	\$11,577.63	-0.75%	\$ (87.30)	\$12,568.27	20.02%	\$ 2,096.34
1.3000	0.9893	10.58	13.90	\$11,544.90	-1.03%	\$ (120.03)	\$13,616.44	30.03%	\$ 3,144.52
1.4000	0.9857	10.54	14.97	\$11,501.25	-1.40%	\$ (163.68)	\$14,664.61	40.04%	\$ 4,192.69
1.5000	0.9822	10.50	16.03	\$11,457.60	-1.78%	\$ (207.33)	\$15,702.99	49.95%	\$ 5,231.06

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

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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 2022 there were 18 communities using Open Space Discounts 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 16 have adopted the Residential Exemption in FY2022. 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, of up to 35% of the average assessed value of all residential Class parcels. 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 and those over the breakeven value.

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 complexes like The Village at Duxbury and Island Creek Village would see significant increases as well. Approximately 4,232 residential parcels (including land) are below the breakeven point. There are however 1,716 parcels above, which represent almost 55% (54.76%) of the residential class value.

III. Residential Exemption – at 20%

	Without Residential Exemption					
Assessed Value	\$600,000	\$844,300	\$1,070,145	\$1,091,200	\$1,500,000	\$1,750,000
Tax Rate	\$10.69	\$10.69	\$10.69	\$10.69	\$10.69	\$10.69
Tax Bill	\$6,414.00	\$9,025.57	\$11,439.85	\$11,664.93	\$16,035.00	\$18,707.50
	With Residential Exemption					
Assessed Value	\$600,000	\$844,300	\$1,070,145	\$1,091,200	\$1,500,000	\$1,750,000
Exemption	\$203,490	\$203,490	\$203,490	\$203,490	\$203,490	\$203,490
Net Value	\$396,510	\$640,810	\$866,655	\$887,710	\$1,296,510	\$1,546,510
Tax Rate	\$13.20	\$13.20	\$13.20	\$13.20	\$13.20	\$13.20
Tax Bill	\$5,233.93	\$8,458.69	\$11,439.85	\$11,717.77	\$17,113.93	\$20,413.93
Tax Bill Change	-\$1,180.07	-\$566.88	\$0.00	\$52.84	\$1,078.93	\$1,706.43

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IV Small Commercial Exemption

Of the 351 communities in Massachusetts 14 adopted the Small Commercial Exemption in FY2022 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 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 2023 Levy

	2022	2023	% CHANGE	% of LEVY
RES	64,447,133	65,309,854	1.34%	96.56%
COMM	1,711,671	1,427,408	-16.61%	2.11%
IND	35,063	31,227	-10.94%	0.05%
PP	1,026,246	869,478	-15.28%	1.29%
TOTAL	67,220,113	67,637,968	0.62%	100.00%

The estimated tax rate for Duxbury in FY2023 is \$10.69 provided the Selectboard continue the prior history of maintaining a single tax rate on all property classes. Based on this rate and the Tax Levy amount it will leave an excess levy capacity of \$1,791,564.42