



Shutesbury Board of Assessors

1 Cooleyville Rd
PO Box 264
Shutesbury, MA 01072

Chairman: Howard Shpetner
Member: J April Stein
Member: George Arvanitis
Administrative Assessor: David Burgess

Report of Fiscal Year 2025 Tax Classification Hearing Held 6:15 PM on Wednesday, October 30, 2024 Shutesbury Town Hall, Select Board meeting room.

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 \$5,681,847 in property tax revenues.

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the Town. Based on the Shutesbury aggregate valuation of \$359,416,072, the town cannot levy taxes more than \$8,985,402.

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 \$121,279.

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 2025 the levy limit is \$6,507,047.

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

The Fiscal Year 2025 Levy Limit and Amount to be Raised

The following is a calculation of Shutesbury’s levy limit for fiscal year 2025

Fiscal year 2024 levy limit	\$6,230,018
Levy increase allowed under Prop. 2 ½	155,750
New growth revenue	121,279
Excluded Debt to Pay Bonds	35,973
Fiscal year 2025 levy limit	6,507,047
Levy Ceiling	8,985,402
Levy to be raised	\$5,681,847
Excess levy capacity	\$861,173

Valuations by Class Before Tax Shift

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs CIP%</u>
Residential	336,061,167	93.5020	93.5020
Commercial	2,024,705	.6890	
Industrial	1,284,200	.3573	6.4980
Personal Property	20,046,000	4.6120	
TOTAL	359,416,072	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 Shutesbury's relatively small commercial, industrial, and personal property tax base, it takes a CIP tax rate increase of approximately 6.5% to yield a 1% residential tax rate reduction.

Tax Rates

The estimated single tax rate for fiscal year 2025 is \$15.81 per thousand valuation.

<u>Property Class</u>	<u>FY2024</u>	<u>FY2025</u>
Residential	\$17.83	\$15.83
Commercial	\$17.81	\$15.81
Industrial	\$17.81	\$15.81
Personal Property	\$17.81	\$15.81

Note that the FY2025 rate is an estimate and may change upon Department of Revenue review.

Tax Rates History

Fiscal Year 2024	\$17.81
Fiscal Year 2023	\$18.44
Fiscal Year 2022	\$19.34
Fiscal Year 2021	\$20.18
Fiscal Year 2020	\$20.63

Tax Impacts

Examples of Typical Residential Tax Changes

<u>Property Class</u>	<u>Average FY24 Value</u>	<u>Avg. Tax</u>	<u>Average FY25 Value</u>	<u>Avg. Tax</u>	<u>Change</u>
Single Family Homes	\$344,100	\$6,128	\$396,000	\$6,261	\$133 (2%)
Single Family Change With split rate for Circuit Breaker exemption	\$344,100	\$6,139	\$396,000	\$6,269	\$130 (2%)

(Note – Average assessments are corrected for new growth)

Board of Assessors Recommendation

The Board of Assessors recommends that the Select Board adopt a split tax rate to be applied to residential properties in Shutesbury to reflect the Circuit Breaker Exemption.

Voting a Tax Shift Factor (proposed motion)

The Shutesbury 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.