

YOU AND YOUR PROPERTY TAXES

A Taxpayer's Guide to Assessing in Massachusetts

HOW PROPERTY TAXES ARE DETERMINED

Before Proposition 2 ½ went into effect in Massachusetts in Fiscal Year 1982, the amount raised by the property tax in each community was essentially determined by what the community decided to spend in the coming year, through its Annual Town Meeting. In brief, budgets were determined and then tax rates were set to raise that amount.

With Proposition 2 ½ in effect, the process is reversed. The tax limitation law sets the maximum amount a community may collect from property tax; budget must be made to fit within that limit (or within the increased limits of any overrides or debt exclusion adopted by the voters).

REVALUATION OF TOWN PROPERTY

The Department of Revenue will recertify towns every 5 years. Values are subject to change each year. All properties are reviewed by land sales, residential, commercial sales and industrial sales. Properties are depreciated according to age and also new rates are set to what it would cost to build, less depreciation. All statistics are met according to the Department of Revenue guidelines.

DETERMINING THE TAX RATE

Once the Assessors have calculated the current total valuation of property, the Assessors prepare a document that shows how much of the value and how much of the proposed levy would come from each of the different classes of property (residential, commercial, industrial, open space and personal). They provide this document to the SELECTBOARD, who must then vote on whether to apply the same tax rate or split rates to the different property classes.

If community officials choose to utilize different tax rates, a residential rate could be, for example, \$16 per thousand and the commercial/industrial rate \$18 per thousand. (The tax rate is expressed in dollars per thousand of value. A tax rate of \$16 per thousand then would result in a tax of \$1,600 for a property valued at \$100,000 on a residential property).

Next the Assessors prepare a "recapitulation sheet" that lists all the different sources of revenue available to the community in the coming year. The Assessors then submit the "recap sheet" to the Department of Revenue and request certification of the tax rate. Once the rate is certified, the tax bills can be mailed.

WHO ARE THE ASSESSORS?

There are some 1200+/- Assessors in Massachusetts. A majority of cities and towns in Massachusetts have appointed or elected Board of Assessors, who serve 3-year terms before re-appointment or election. Once elected or appointed, an Assessor in Massachusetts must successfully complete Course 101 in Assessment Administration and Law and pass the exam within 18 months of the

appointment or election, this course is now available on line. The majority of full time Assessors go well beyond this minimum requirement by completing courses offered by the Massachusetts Association of Assessing Officer and International Association of Assessing Officers. Full time staff Assessor(s) completes the work needed to maintain the various information required to meet all state mandates and meet monthly or as needed with the elected/appointed board to review information and complete the needed and required forms prior to submitting to Department of Revenue.

THE DEPARTMENT OF REVENUE

Through its Division of Local Services, the unit that has regulatory and assistance responsibilities for municipal finances and taxation, the Department staff certifies both valuation and tax rates for cities and towns.

The Division of Local Services functions through four Bureaus: Accounts, Local Assessment, Information Technology and Property Tax. In order to certify valuations, the BUREAU OF LOCAL ASSESSMENT reviews data submitted by the Assessors and conducts field reviews to assure that the valuations are properly derived and equitably applied.

To certify a tax rate, the PROPERTY TAX BUREAU looks over the various items that make up the estimated municipal revenue base and makes certain that the calculations for each category fall within the requirements of various laws, including Proposition 2 ½.

The INFORMATION TECHNOLOGY BUREAU prepares the annual CHERRY SHEETS (estimates of local aid and state and county assessments for the next fiscal year) for Assessors and other local officials. It also coordinates the Division's technical program, working with all fiscal officers.

The BUREAU OF ACCOUNTS oversees and provides technical assistance in municipal audits, accounting and financial reporting.

The Division provides guidelines that inform local officials of new and updated laws and prepares specialized publications for municipal use. It also conducts training and courses for fiscal officials, offers workshops and seminars through-out the year and participates actively and cooperatively in local officials' organizations such as the MAAO.

ABATEMENTS AND APPEALS

The taxpayer also has a formal right to file for an abatement of taxes, once the tax bills have been distributed. The taxpayer can file for an abatement if he or she believes the property is over assessed, that it is not assessed fairly in comparison to other similar properties, or that it is not classified correctly by the Assessor. All abatements files are reviewed by the Assessor, prior to an interior and exterior (including exterior measurements) inspection that is performed for verification of property information. Value is the Total Value not just land or building. Your application must be filed with the **Assessor's Office** on or before the date the first installment payment of **ACTUAL TAX** bill is due. Actual tax bills are issued after the tax rate is set.

If the Assessors do not grant the desired abatement after an inspection was done on the property and you have met with the Assessor, you have the right to appeal to the State's Appellate Tax Board within a certain time period. Information and applications are available from the Appellate Tax Board, 100 Cambridge ST., Boston MA 02114 (617)727-3100. Check the Assessor's web page for abatement application or visit the office for a copy.

EXEMPTIONS

By State Law, certain taxpayers are allowed exemptions from their property tax bill. These exemptions are allowed to those who are qualified primarily from among the elderly, veterans, the blind, widows, widowers and the minor children of deceased parents from the above. You must apply annually for the exemption, applications are available on line and at the Assessor's office. As long as the applicant meets all the requirements laid out by the law, the Assessors must grant the exemption. The exemption application and information submitted with the application is not open to public inspection.

WHAT THE ASSESSORS DO NOT DO

Assessors do not make the laws that affect property owners. Tax laws are enacted by the Massachusetts Legislature. Various guidelines and regulations to implement the legislation are established by the Department of Revenue. The Assessors, in short, follow the procedures established by others to set the value of property. Value is actually set by buyers and sellers as they establish the worth of comparable properties through their transactions in the real estate marketplace.

The Assessors also do not determine taxes. The level of property taxation is determined by the municipality itself, at its **Annual Town Meeting** or by its governing body. Similarly, the Assessors do not decide who is entitled to relief on their property tax bills through exemptions, exemption approval is based on the legal requirements set by state regulations and approved local options.