

YOUR ASSESSING DEPARTMENT

What's Behind The Curtain?



WHY IS YOUR ASSESSING DEPARTMENT SO IMPORTANT?

- **A PROFESSIONAL, ACCURATE AND ACCESSIBLE ASSESSING FUNCTION IS CRITICAL TO YOUR COMMUNITY'S ABILITY TO:**
 - **RAISE AND COLLECT THE LOCAL REVENUES THAT FUND YOUR BUDGET**
 - **MAINTAIN POSITIVE, CONSTRUCTIVE RELATIONSHIPS WITH ALL TAXPAYERS**
 - **PLAY AN IMPORTANT ROLE IN DEVELOPING YOUR BUDGET AND OPTIONS THAT EFFECT YOUR TAX RATE**
 - **SUPPORT ELECTED AND APPOINTED OFFICIALS ON LOCAL FINANCE ISSUES**

YOUR ASSESSING DEPARTMENT



THE MONEY TREE



PROPERTY TAXES



MOTOR VEHICLE EXCISE TAXES

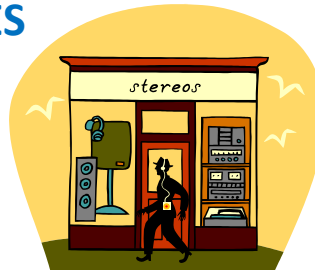
PERSONAL PROPERTY
TAXES



BOAT EXCISE TAX



FARM ANIMAL EXCISE TAX



DUTIES & RESPONSIBILITIES OF THE ASSESSING DEPARTMENT

- **VALUE EVERY PARCEL**
 - **ASSESSORS MUST VALUE ALL REAL AND PERSONAL PROPERTY WITHIN THEIR COMMUNITIES AS OF JANUARY 1 EACH YEAR**
 - **PERFORM THIS WORK WITH STAFF**
 - **OR HIRE PROFESSIONAL APPRAISAL FIRMS**
 - **DOR REVIEWS A COMMUNITY'S VALUES EVERY THREE YEARS AND CERTIFIES THEY REFLECT CURRENT FAIR CASH VALUES**
 - **ASSESSED VALUATIONS IN THE INTERVENING TWO YEARS MUST ALSO REFLECT CURRENT MARKET VALUE, AND ARE REVIEWED BY THE DOR, BUT NOT CERTIFIED**

HOW DO THEY DO THAT?



– DATA COLLECTION (WHERE IT STARTS)

- INSPECT SALES
- INSPECT BUILDING PERMITS
- CYCLICAL INSPECTIONS
 - (EVERY PARCEL EVERY 9 YEARS)
- ABATEMENT INSPECTIONS
- KNOW THE COMMUNITY



- THROUGH INSPECTIONAL SERVICES
- INTERVIEWING BUYERS AND SELLERS
- INTERVIEW REAL ESTATE AGENTS
- SPEAKING WITH APPRAISERS

THE PROCESS

**DATA
COLLECTION**



ANALYZE DATA
**Meet Department
of Revenue
Guidelines**

APPLY RESULTS

**REVIEW & TEST
METHODOLOGY**

**SUBMIT
VALUATIONS
FOR D.O.R.
APPROVAL**



ANALYSIS OF SALES

- **REVIEW ASSESSMENT TO SALES RATIOS**

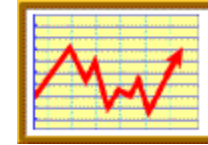
ASSESSMENT/SALE PRICE = ASR

ASR'S MUST BE WITHIN 10% ABOVE OR BELOW

- **BY USE**
- **BY BUILDING STYLE**
- **BY AGE**
- **BY PRICE RANGE (PRICE QUARTILE)**
- **BY NEIGHBORHOOD**

OTHER RESPONSIBILITIES

- **DETERMINE TAX BASE GROWTH**



- **ASSESSORS CALCULATE THE ANNUAL “NEW GROWTH” INCREASE IN THE COMMUNITY’S LEVY LIMIT UNDER PROPOSITION 2 ½ AND OBTAIN CERTIFICATION OF THE AMOUNT BY DLS**
- **2 ½ PROVIDES CITIES AND TOWNS WITH ANNUAL INCREASES IN THEIR LEVY LIMITS OF 2.5% PLUS “NEW GROWTH”**
- **NEW GROWTH IS AN ADDITIONAL AMOUNT BASED ON THE ASSESSED VALUE OF NEW CONSTRUCTION AND OTHER GROWTH IN THE TAX BASE THAT IS NOT THE RESULT OF PROPERTY REVALUATION**



HOW DOES THIS 2.5% WORK?

DETERMINE TAX LEVY (amount to be raised)

Prior FY levy limit

+ 2-1/2% allowed increase

+ new growth

+ debt exclusion

+ override(s)

Current FY Permitted Levy

MORE RESPONSIBILITIES

- **CALCULATING THE TAX RATE**



- **ASSESSORS PROVIDE ALL NECESSARY INFORMATION TO SET THE ANNUAL TAX LEVY AND CALCULATE THE TAX RATE EACH YEAR**
- **THEY SUBMIT THE TAX RATE RECAPITULATION (RECAP) TO DLS FOR APPROVAL**
- **THE RECAP DISPLAYS THE YEARS BUDGETED EXPENDITURES AND REVENUES AND ESTABLISHES THE AMOUNT THAT MUST BE LEVIED IN PROPERTY TAXES TO HAVE A BALANCED BUDGET**
- **RECAP PREPERATION REQUIRES COORDINATION AND COOPERATION AMONG VARIOUS OFFICIALS**



RESPONSIBILITIES (CONTINUED)



- **ASSESS TAXES**

- **PREPARE TAX LIST & COMMIT TO COLLECTOR**
- **THE LIST FIXES THE TAX LIABILITY OF EACH TAXPAYER**
- **THE WARRANT AUTHORIZES THE COLLECTOR TO COLLECT THE TAXES**
- **LIST CONTAINS THE ASSESSORS OATH**
 - **THAT THEY HAVE ASSESSED ALL TAXABLE PROPERTY AT FAIR CASH VALUE**



ABATEMENTS



- **ABATE TAXES**

- **IF TAXPAYERS FEEL THEY ARE BEING OVERVALUED, THEY CAN FILE AN ABATEMENT APPLICATION WITH YOUR LOCAL ASSESSOR'S OFFICE (YOUR ASSESSMENT DETERMINES YOUR SHARE OF TAXES)**
- **YOUR LOCAL ASSESSOR WILL PROVIDE A FULL INSPECTION OF YOUR PROPERTY TO DETERMINE IT'S FAIR CASH VALUE**
- **IF YOU ARE DENIED, YOU HAVE THE RIGHT TO APPEAL THAT DECISION TO THE APPELLATE TAX BOARD (ATB)**
- **REMEMBER AN ASSESSOR SWEARS BY OATH, THEY HAVE ASSESSED ALL TAXABLE PROPERTY AT FAIR CASH VALUE**

EXEMPTIONS FROM LOCAL TAXES

- **EXEMPTION OF TAXES**

- **EXEMPT PROPERTIES**

- CHURCHES
 - CHARITIES
 - EDUCATIONAL



- **EXEMPT PERSONS**

- DISABLED VETERANS
 - BLIND
 - SENIORS



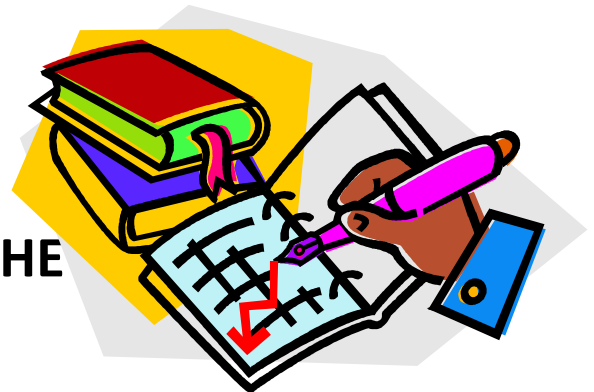
- **REIMBURSEMENTS**

- THE STATE REIMBURSES LOCAL COMMUNITIES FOR A PORTION OF MOST OF THE PERSONAL EXEMPTIONS
 - THE ASSESSORS ARE RESPONSIBLE FOR FILING THE FORMS NECESSARY FOR REIMBURSEMENT WITH DOR

WHAT IS AN OVERLAY ACCOUNT?

- **THE OVERLAY ACCOUNT**

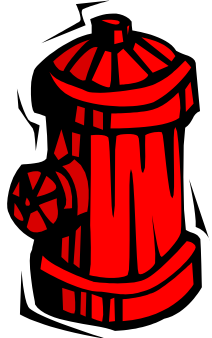
- ASSESSORS ESTABLISH A RESERVE TO FUND ANTICIPATED PROPERTY TAX ABATEMENTS AND EXEMPTIONS
- ASSESSORS MAINTAIN UNTIL THEY DETERMINE FUNDS ARE NO LONGER NEEDED
- IF THE ASSESSORS DETERMINE ANY SURPLUS, THEY NOTIFY THE ACCOUNTING OFFICER TO TRANSFER THE SURPLUS TO AN OVERLAY RESERVE
- MONEY IS THEN AVAILABLE FOR APPROPRIATION
- ASSESSORS HAVE FINAL AUTHORITY TO DETERMINE HOW MUCH TO RETAIN IN THE OVERLAY



WHAT IS A BETTERMENT OR SPECIAL ASSESSMENT?

- **BETTERMENTS & SPECIAL ASSESSMENTS**

- ASSESSORS INITIATE THE COLLECTION
- THESE ARE SPECIAL TAXES ASSESSED TO PAY FOR CONSTRUCTION OF PUBLIC IMPROVEMENTS (WATER & SEWER CONSTRUCTION)
- SELECTMEN OR COMMISSIONERS DETERMINES ASSESSMENT AND CERTIFIES AMOUNTS TO THE ASSESSORS
- BOARD OR OFFICERS THAT ASSESSED THE BETTERMENT, NOT THE ASSESSORS, GRANTS ABATEMENTS



RESPONSIBILITIES (CONTINUED)



- **EXCISE TAXES**

- **ASSESSORS ADMINISTER LOCAL EXCISE TAXES IN LIEU OF PERSONAL PROPERTY TAXES ON MOTOR VEHICLES, BOATS AND FARM ANIMALS**
- **PROCESS INVOLVES ANNUAL ACTIVITIES SIMILAR TO THOSE FOR ASSESSING PROPERTY TAXES**
 - **PREPARING A TAX LIST**
 - **COMMITTING THE LIST TO COLLECTOR WITH WARRANT TO INITIATE THE BILLING PROCESS**
 - **GRANTING ABATEMENTS AND EXEMPTIONS AFTER BILLING, AS APPROPRIATE**

EXCISE TAX CALCULATIONS

- **THE MANUFACTURER'S SUGGESTED RETAIL PRICE WHEN THE VEHICLE WAS NEW IS DEPRECIATED**

**In the year preceding the designated year of manufacture
50%**

In the year of manufacture 90%

In the second year 60%

In the third year 40%

In the fourth year 25%

In the fifth and succeeding years 10%

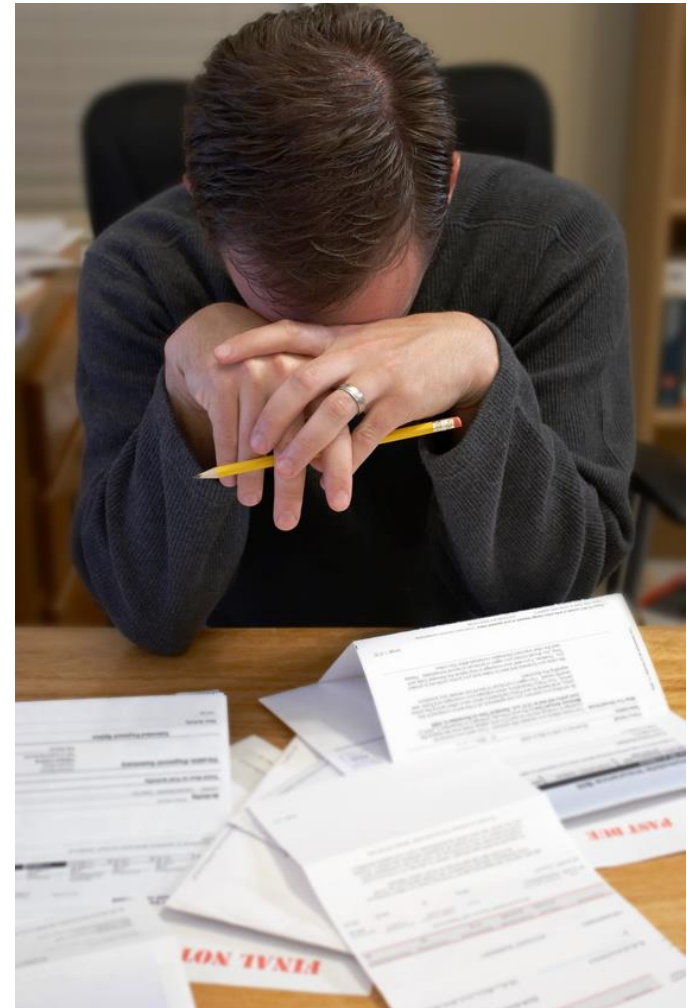
CALCULATION:

PRICE NEW x % GOOD = VALUE

VALUE/1000 X \$25 = TAX

ASSESSORS & THE BUDGET PROCESS

- **REVENUE ESTIMATES**
 - LEVY LIMIT
 - EXCESS LEVY CAPACITY
 - NEW GROWTH
- **EXPENDITURE BUDGETS**
 - BUDGET PERSONNEL
 - CONTRACTUAL SERVICES
 - OVERLAY ACCOUNT



ASSESSORS & THE BUDGET PROCESS (CONTINUED)

- **PRIMARY ROLE**

- **ENSURE PROPERTY TAX BILLS ARE ISSUED ON SCHEDULE**

- **THIS REQUIRES THAT THEY COMPLETE PROPERTY TAX ASSESSMENTS ON TIME AND COORDINATE CALCULATING THE TAX RATE WITH OTHER OFFICIALS**
- **LATE BILLS MIGHT REQUIRE THE TREASURER TO BORROW FOR CASH FLOW PURPOSES, ADDING AN UNPLANNED EXPENSE FOR THE COMMUNITY**

ASSESSORS DATABASE

- **ASSESSORS DETERMINE WHO IS ASSESSED FOR EACH PROPERTY**
- **IDENTIFY THE OWNERS OF ALL REAL AND PERSONAL PROPERTY AS OF JANUARY 1**
- **IDENTIFY ALL PERSONAL PROPERTY ACCOUNTS, AND BOUNDARIES OF REAL ESTATE PARCELS, AS OF JANUARY 1**
- **DETERMINE HOW PROPERTY IS USED**
 - **RESIDENTIAL, OPEN SPACE, COMMERCIAL, INDUSTRIAL**



ASSESSORS DATABASE

- **WHY IS IT IMPORTANT**
 - **TO ENSURE CORRECT BILLING**
 - **EMERGENCY 911**
 - **PLANNING AND ISSUANCE OF ABUTTERS LISTS**
 - **BUILDING PERMIT VERIFICATIONS**
 - **GEOGRAPHIC INFORMATION SYSTEM**



WHAT TO DO WHEN COMMUNITIES HAVE A VOID IN ASSESSMENT SERVICES?

- **MAAO – MASTERS COMMITTEE**
- **Advise for small issues and conduit to**
 - **INTERIM SERVICES**
 - **SERVICE ALL ABATEMENT APPLICATIONS**
 - **INSPECTIONAL SERVICES**
 - **REVALUATION HELP**
 - **TRAINING**
 - **ETC.**



THANK YOU FOR ALLOWING US TO SPEAK TODAY

MASSACHUSETTS ASSOCIATION OF ASSESSING OFFICERS

BOB ELLIA, EXECUTIVE DIRECTOR – (774)249-8625

execdir@maao.org

WORCESTER COUNTY ASSESSORS ASSOCIATION

WILLIAM B. MITCHELL, RMA, MAA, EXECUTIVE BOARD – (978)534-7531

wmitchell@leominster-ma.gov