



CITY OF LAWRENCE

FY 2020

TAX CLASSIFICATION PRESENTATION

PUBLIC HEARING

Tuesday, December 3, 2019

PRESENTED BY THE
BOARD OF ASSESSORS



INTRODUCTION

These materials have been prepared by the Board of Assessors (BOA) to assist City Councilors plan and carry out the Classification Hearing necessary for certification of the Fiscal year 2020 (FY2020) tax rates.

The BOA will provide information and data relevant to making a logical determination of the Classification Factor.

The Commissioner of the Department of Revenue (DOR) supervises the implementation of the property tax classification. Municipalities that are certified by the DOR as assessing property at full and fair cash value may elect to shift the tax burden among the major property classes within certain limits established by law.

There are 110 communities in the Massachusetts with split tax rates. The City of Lawrence has had split tax rates since fiscal year 1982.



Purpose

The purpose of the Public Classification Hearing is for the City Council to determine the allocation of the Fiscal Year 2020 tax levy to be paid by residential property taxpayers; the difference is shifted to commercial, industrial and personal property (C.I.P.) taxpayers.

In order to determine the allocation, the City Council must adopt a residential factor. This factor is used by the Board of Assessors to determine the percentage of the tax levy to apply to the individual property class.

The adopted factor affects the property class of taxpayers that will pay their share of the total amount of property tax. The maximum allowable tax shift is 1.75.

Classification does not raise additional dollars from the property tax.

Assessment Date and Assessed Value Adjustments



A five year revaluation of all taxable property was recently conducted in the City of Lawrence. A statistical analysis of all sales transactions during calendar year 2018 was the basis for the revaluation of all property. Based on the revaluation results, the total taxable property valuation for the City of Lawrence is \$4,842,021,083 an overall increase of 14.7% from last years total taxable valuation.

The assessed values increased each class of property as follows: Residential 13.3%, Commercial 14%, Industrial 10.3% and Personal Property 46.4%.

The average single family residential property assessed in FY2020 is \$264,900, a 9.8% increase from the average single family assessment of \$240,300 for FY2019.

The sales prices of residential homes reached an all-time high in calendar 2018.

3 Year Property Value Comparison Report (FY2018 to FY2020)



		Assessed Value %	
Fiscal Year and Description	Assessed Values	Difference	
Residential Property Value FY 2018	\$ 3,048,638,916	13.6%	
Residential Property Value FY 2019	\$ 3,414,961,004	12.0%	
Residential Property Value FY 2020	\$ 3,870,441,611	13.3%	
Commercial Property Value FY 2018	\$ 340,704,119	7.7%	
Commercial Property Value FY 2019	\$ 362,786,435	6.5%	
Commercial Property Value FY 2020	\$ 413,588,010	14.0%	
Industrial Property Value FY 2018	\$ 233,750,985	5.7%	
Industrial Property Value FY 2019	\$ 247,713,153	6.0%	
Industrial Property Value FY 2020	\$ 273,144,912	10.3%	
Personal Property Value FY 2018	\$ 184,600,610	2.1%	
Personal Property Value FY 2019	\$ 194,571,550	5.4%	
Personal Property Value FY 2020	\$ 284,848,180	46.4%	
			Tax Levy \$
TOTAL TAXABLE VALUE FY 2018	\$ 3,807,694,630	11.9%	\$67,050,606
TOTAL TAXABLE VALUE FY 2019	\$ 4,220,032,142	12.0%	\$70,120,084
TOTAL TAXABLE VALUE FY 2020	\$ 4,842,022,713	14.7%	\$74,125,995



WHAT ARE THE LEVY, LEVY LIMIT AND PROPOSITION 2 1/2?

The tax **levy** is the amount the City raises each year through property taxes. 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 by property taxation. The **levy limit** is the maximum amount the City can levy in any given year. The levy limit can grow each year by 2 ½ percent of the prior year's levy limit plus new growth revenue. **Proposition 2 ½** was adopted by MA voters in 1980. Its primary feature relate to the amount of property taxes the city can raise each year. It does not apply to an individual tax bill.

The FY2020, prop. 2 ½ tax levy limitation is **\$1,853,150**. Levy Limit calculation is referenced on page 11

WHAT IS ALLOWABLE NEW GROWTH?

New Growth is a calculation of the net increase in property values due to construction activity, new buildings, additions, new personal property accounts or new equipment on existing accounts and DOR assessed utility values. New growth can be added to the City's levy limit as defined by Proposition 2 1/2 thereby increasing the City's taxing capacity. Assessors must submit documentation of new growth to the Bureau of Local Assessment annually and receive approval prior to setting the tax rate.

FY 2020 NEW GROWTH TOTALS

PROPERTY CLASS	NEW GROWTH VALUE	FY2019 TAX RATES	Est. FY20 NEW GROWTH
RESIDENTIAL	48,696,300	\$13.68	\$666,165
COMM./INDUSTRIAL	19,005,200	\$29.07	\$552,481
PERSONAL PROPERTY	105,351,310	\$29.07	\$3,062,563
TOTAL REAL & PERSONAL	173,052,810		

\$4,281,209



FISCAL YEAR 2012-2020 – TAX BASE LEVY GROWTH

	RES LEVY NEW GROWTH	COMM & IND NEW GROWTH	PERSONAL PROPERTY NEW GROWTH	TAX LEVY GROWTH
FY2012	\$289,171	\$ 391,839	\$ 708,182	\$ 1,389,192
FY2013	\$241,076	\$ 312,283	\$ 615,187	\$ 1,168,546
FY2014	\$ 228,230	\$ 334,971	\$ 693,084	\$ 1,256,285
FY2015	\$ 209,439	\$ 278,643	\$ 1,171,178	\$ 1,659,260
FY2016	\$ 408,766	\$ 363,099	\$ 870,767	\$ 1,642,632
FY2017	\$ 425,539	\$ 294,971	\$ 1,163,219	\$ 1,883,729
FY2018	\$ 408,753	\$ 371,976	\$ 968,487	\$ 1,749,216
FY2019	\$471,937	\$320,306	\$ 881,995	\$ 1,674,238
FY2020	\$ 666,165	\$ 552,481	\$ 3,062,563	\$ 4,281,209

SINGLE TAX RATE FISCAL YEAR 2015-2020



	RES VALUE	COMM VALUE	IND VALUE	PP VALUE	TOTAL VALUE	Single TR
FY2015	2,423,331,973	315,604,947	214,706,000	161,705,640	3,115,348,560	\$ 18.98
FY2016	2,492,054,181	312,789,439	216,927,700	170,163,010	3,191,934,330	\$ 19.51
FY2017	2,683,174,883	316,439,761	221,164,776	180,736,940	3,401,516,360	\$ 19.19
FY2018	3,048,638,916	340,704,119	233,750,985	184,600,610	3,807,694,630	\$ 17.61
FY2019	3,414,961,004	362,786,435	247,713,153	194,571,550	4,220,032,142	\$ 16.62
FY2020	3,870,441,611	413,588,010	273,411,912	284,846,550	4,842,021,083	\$ 15.31

City of Lawrence

Historical Tax Information



FISCAL YEAR	TOTAL VALUE	RESIDENTIAL VALUE	C.I.P VALUE	RESIDENTIAL SHARE	TOTAL LEVY	SHIFT	Res. Rate	C.I.P. RATE
2004	2,116,036,620	1,661,731,335	454,305,285	62.42	32,046,335	1.75	\$12.04	\$26.50
2005	2,874,348,580	2,408,226,951	466,121,629	68.05	34,327,643	1.97	\$9.70	\$23.53
2006	3,385,768,450	2,845,514,908	540,253,542	69.68	36,183,811	1.90	\$8.86	\$20.31
2007	3,581,359,940	3,024,915,221	556,444,719	71.57	39,015,475	1.83	\$9.23	\$19.94
2008	3,653,177,420	3,054,331,722	598,845,698	71.31	42,874,151	1.75	\$10.01	\$20.54
2009	3,482,154,660	2,831,666,497	650,488,163	67.30	45,012,873	1.75	\$10.70	\$22.62
2010	2,979,929,390	2,331,181,389	648,748,001	61.91	47,338,144	1.75	\$12.57	\$27.80
2011	2,854,221,570	2,193,228,846	660,992,724	59.47	49,599,716	1.75	\$13.45	\$30.41
2012	2,841,966,060	2,177,269,713	664,696,347	59.53	52,257,175	1.73	\$14.29	\$31.81
2013	2,819,353,620	2,151,293,326	668,060,294	59.24	54,761,397	1.72	\$15.08	\$33.41
2014	2,915,720,930	2,255,448,267	660,272,663	61.28	57,458,736	1.71	\$15.61	\$33.70
2015	3,115,348,560	2,423,331,973	692,016,587	62.01	59,082,877	1.71	\$15.12	\$32.43
2016	3,191,934,330	2,492,054,181	699,340,149	62.07	62,272,715	1.73	\$15.51	\$33.75
2017	3,401,516,360	2,683,174,883	718,341,477	63.04	65,288,992	1.75	\$15.34	\$33.59
2018	3,807,694,630	3,048,638,916	759,055,714	65.11	67,050,606	1.75	\$14.32	\$30.82
2019	4,220,032,142	3,414,961,001	805,071,138	66.62	70,120,084	1.75	\$13.68	\$29.07
2020	4,842,021,083	3,870,441,611	971,579,472	64.88	74,125,995	1.75	\$12.43	\$26.79

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
FISCAL 2020 TAX LEVY LIMITATION FOR
LAWRENCE



FOR BUDGET PLANNING PURPOSES

I. TO CALCULATE THE FY2018 LEVY LIMIT

A.	FY2018 Levy Limit	70,661,377	
A1.	ADD Amended FY2017 Growth	5,033	
B.	ADD (IA + IA1) X 2.5%	1,766,660	
C.	ADD FY2019 New Growth	1,674,238	
C1.	ADD FY2019 New Growth Adjustment	0	
D.	ADD FY2019 Override	0	
E.	FY2019 Subtotal	74,107,308	
			I. \$ 74,107,308
F.	FY2019 Levy Ceiling	105,500,804	FY2019 Levy Limit

II. TO CALCULATE THE FY2020 LEVY LIMIT

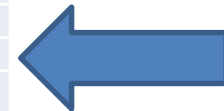
A.	FY2019 Levy Limit from I.	74,107,308	
A1.	ADD Amended FY2019 Growth	18,687	
B.	ADD (IIA + IIA1) X 2.5%	1,853,150	
C.	ADD FY2020 New Growth	4,281,209	
C1.	ADD FY2020 New Growth Adjustment	0	
D.	ADD FY2020 Override	0	
E.	FY2020 Subtotal	80,260,354	
			II. \$ 80,260,354
F.	FY2020 Levy Ceiling	120,746,684	FY2020 Levy Limit

FY2020 Levy Amount \$74,125,995

Excess Levy Amount Various Years

	EST. FY2020	\$6,134,359
FY2019		\$3,987,223
FY2018		\$3,610,771
FY2017		\$1,921,878
FY2016		\$1,439,059
FY2015		\$1,472,382
FY2014		\$776
FY2013		\$30,623

How is levy limit calculated?
Total levy is calculated as follows:
Last Year's Levy Limit
+ Prop 2 ½ % allowed
+ Certified New Growth
= Current year levy limit
(beginning value for next year's calculation)
= Total Levy Limit





AVERAGE SINGLE FAMILY TAX BILL FY2004-2020

Fiscal Year	Total Single Assessed Valuation	Parcel Count	Average Single Family Value	Tax Rate	Average Single Family Tax Bill
2004	\$ 610,216,200	4,194	145,497	\$12.04	\$ 1,752
2005	\$ 807,225,200	4,194	192,471	\$9.70	\$ 1,867
2006	\$ 925,134,000	4,221	219,174	\$8.86	\$ 1,942
2007	\$ 978,909,200	4,235	231,147	\$9.23	\$ 2,133
2008	\$ 997,594,400	4,246	234,949	\$10.01	\$ 2,352
2009	\$ 902,548,500	4,257	212,015	\$10.70	\$ 2,268
2010	\$ 805,496,100	4,265	188,862	\$12.57	\$ 2,374
2011	\$ 760,054,400	4,264	178,249	\$13.15	\$ 2,397
2012	\$ 753,497,400	4,261	176,836	\$14.29	\$ 2,527
2013	\$ 713,528,400	4,253	167,771	\$15.08	\$ 2,530
2014	\$ 715,598,200	4,254	168,218	\$15.61	\$ 2,626
2015	\$ 757,741,320	4,263	177,700	\$15.12	\$ 2,687
2016	\$ 766,625,420	4,258	180,000	\$15.51	\$ 2,792
2017	\$819,913,420	4,268	192,100	\$15.34	\$ 2,946
2018	\$910,805,720	4,277	\$212,954	\$14.31	\$3,050
2019	\$1,027,435,720	4,276	\$240,300	\$13.68	\$3,287
EST.2020	\$ 1,133,841,000	4,280	\$264,900	\$12.43	\$3,292



Tax Shift Impact

Residential Factor 1.70					
	FY2019 TAX RATES		FY2020 TAX RATES		Decrease R/O (\$1.06) CIP (\$3.04)
	RESIDENTIAL \$13.68 CIP \$29.07		RESIDENTIAL \$12.62 CIP \$26.03		
Property Type	Average Value	2019 Tax Bill	Average Value	2020 Tax Bill	Tax Bill Dif.
Single Family	240,300	\$3,287.30	264,900	\$3,343.04	\$55.74
Condominiums	119,500	\$1,634.76	138,800	\$1,751.66	\$116.90
Two Family	312,900	\$4,280.47	351,800	\$4,439.72	\$159.25
Three Family	354,800	\$4,853.66	396,500	\$5,003.83	\$150.17
Commercial	401,100	\$11,659.98	458,200	\$11,926.95	\$266.97
Industrial	1,170,400	\$34,023.53	1,349,700	\$35,132.69	\$1,109.16



Tax Shift Impact

Residential Factor 1.71					
	FY2019 TAX RATES		FY2020 TAX RATES		Decrease R/O (\$1.10) CIP (\$2.89)
	RESIDENTIAL \$13.68 CIP \$29.07		RESIDENTIAL \$12.58 CIP \$26.18		
Property Type	Average Value	2019 Tax Bill	Average Value	2020 Tax Bill	Tax Bill Dif.
Single Family	240,300	\$3,287.30	264,900	\$3,332.44	\$45.14
Condominiums	119,500	\$1,634.76	138,800	\$1,746.10	\$111.34
Two Family	312,900	\$4,280.47	351,800	\$4,425.64	\$145.17
Three Family	354,800	\$4,853.66	396,500	\$4,987.97	\$134.31
Commercial	401,100	\$11,659.98	458,200	\$11,995.68	\$335.70
Industrial	1,170,400	\$34,023.53	1,349,700	\$35,335.15	\$1,311.62



Tax Shift Impact

Residential Factor 1.72					
	FY2019 TAX RATES		FY2020 TAX RATES		Decrease R/O (\$1.14) CIP (\$2.74)
	RESIDENTIAL \$13.68 CIP \$29.07		RESIDENTIAL \$12.54 CIP \$26.33		
Property Type	Average Value	2019 Tax Bill	Average Value	2020 Tax Bill	Tax Bill Dif.
Single Family	240,300	\$3,287.30	264,900	\$3,321.85	\$34.55
Condominiums	119,500	\$1,634.76	138,800	\$1,740.55	\$105.79
Two Family	312,900	\$4,280.47	351,800	\$4,411.57	\$131.10
Three Family	354,800	\$4,853.66	396,500	\$4,972.11	\$118.45
Commercial	401,100	\$11,659.98	458,200	\$12,064.41	\$404.43
Industrial	1,170,400	\$34,023.53	1,349,700	\$35,537.60	\$1,514.07



Tax Shift Impact

Residential Factor 1.73					
	FY2019 TAX RATES		FY2020 TAX RATES		Decrease R/O (\$1.18) CIP (\$2.59)
	RESIDENTIAL \$13.68 CIP \$29.07		RESIDENTIAL \$12.50 CIP \$26.48		
Property Type	Average Value	2019 Tax Bill	Average Value	2020 Tax Bill	Tax Bill Dif.
Single Family	240,300	\$3,287.30	264,900	\$3,311.25	\$23.95
Condominiums	119,500	\$1,634.76	138,800	\$1,735.00	\$100.24
Two Family	312,900	\$4,280.47	351,800	\$4,397.50	\$117.03
Three Family	354,800	\$4,853.66	396,500	\$4,956.25	\$102.59
Commercial	401,100	\$11,659.98	458,200	\$12,133.14	\$473.16
Industrial	1,170,400	\$34,023.53	1,349,700	\$35,740.06	\$1,716.53



Tax Shift Impact

Residential Factor 1.74

Residential Factor 1.74					
	FY2019 TAX RATES		FY2020 TAX RATES		Decrease R/O (\$1.21) CIP (\$2.43)
	RESIDENTIAL \$13.68 CIP \$29.07		RESIDENTIAL \$12.47 CIP \$26.64		
Property Type	Average Value	2019 Tax Bill	Average Value	2020 Tax Bill	Tax Bill Dif.
Single Family	240,300	\$3,287.30	264,900	\$3,303.30	\$16.00
Condominiums	119,500	\$1,634.76	138,800	\$1,730.84	\$96.08
Two Family	312,900	\$4,280.47	351,800	\$4,386.95	\$106.47
Three Family	354,800	\$4,853.66	396,500	\$4,944.36	\$90.69
Commercial	401,100	\$11,659.98	458,200	\$12,206.45	\$546.47
Industrial	1,170,400	\$34,023.53	1,349,700	\$35,956.01	\$1,932.48



Tax Shift Impact

Residential Factor 1.75					
	FY2019 TAX RATES		FY2020 TAX RATES		Decrease R/O (\$1.25) CIP (\$2.28)
	RESIDENTIAL \$13.68 CIP \$29.07		RESIDENTIAL \$12.43 CIP \$26.79		
Property Type	Average Value	2019 Tax Bill	Average Value	2020 Tax Bill	Tax Bill Dif.
Single Family	240,300	\$3,287.30	264,900	\$3,292.71	\$ 5.41
Condominiums	119,500	\$1,634.76	138,800	\$1,725.28	\$90.52
Two Family	312,900	\$4,280.47	351,800	\$4,372.87	\$92.40
Three Family	354,800	\$4,853.66	396,500	\$4,928.50	\$74.84
Commercial	401,100	\$11,659.98	458,200	\$12,275.18	\$615.20
Industrial	1,170,400	\$34,023.53	1,349,700	\$36,158.46	\$2,134.94



TAX CLASSIFICATION SHIFT RANGE 1.70 TO 1.75 SINGLE FAMILY AND COMMERCIAL TAX BILL FISCAL YEAR 2020

Factor	Res. Rate	Avg. SFH Tax Bill	Increase in FY2019
1.75	12.43	\$3,292	\$5
1.74	12.47	\$3,303	\$16
1.73	12.50	\$3,311	\$24
1.72	12.54	\$3,321	\$34
1.71	12.58	\$3,332	\$45
1.70	12.62	\$3,343	\$56

Factor	Comm. Tax Rate	Avg. Comm. Tax Bill	Increase in FY2019
1.75	26.79	\$12,275	\$615
1.74	26.64	\$12,206	\$546
1.73	26.48	\$12,133	\$473
1.72	26.33	\$12,064	\$404
1.71	26.18	\$11,995	\$335
1.70	26.03	\$11,927	\$267



Timeline Tax Rate Certification

October

- 15th -City Councilors refers item to Budget and Finance.
- 30TH -Budget & Finance Tax Classification Presentation.

November

- 12th – City Council orders Tax Classification Public Hearing
- 22nd- Classification Public Hearing advertised in RUMBO

December

- 3rd - **City Council Tax Classification Public Hearing Vote**
- 9th - DOR Certifies Fiscal Year 2020 Tax Rate Recap
- 31st – Deadline for mailing 3rd Quarter “Actual” Tax Bills



Questions?

Contacting the Assessors Office

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