



CITY OF LAWRENCE

FY 2021

TAX CLASSIFICATION PRESENTATION BUDGET AND FINANCE

Wednesday, October 28, 2020

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 2021 (FY2021) 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 2021 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



An interim year reassessment of all taxable property was recently conducted in the City of Lawrence. A statistical analysis of all sales transactions during calendar year 2019 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 \$5,251,575,012 an overall increase of 7.8% from last years total taxable valuation of \$4,840,037,513.

The assessed values increased each class of property as follows: Residential 8.7%, Commercial 3.6%, Industrial 1.1% and Personal Property 20%.

The average single family residential property assessed in FY2021 is \$281,800, a 6.4% increase from the average single family assessment of \$264,900 in FY2020. In FY2019 the average value was \$240,300 in FY2019.

The sales prices of residential homes in the City of Lawrence increased for the 6th year in a row.

3 Year Property Value Comparison Report (FY2019 to FY2021)



3 Year Property Value Comparison Report (FY2019 to FY2021)			
		Assessed Value %	
Fiscal Year and Description	Assessed Values	Difference	
Residential Property Value FY 2019	\$ 3,414,961,004	12.0%	
Residential Property Value FY 2020	\$ 3,870,441,611	13.3%	
Residential Property Value FY 2021	\$ 4,205,660,023	8.7%	
Commercial Property Value FY 2019	\$ 362,786,435	6.5%	
Commercial Property Value FY 2020	\$ 413,588,010	14.0%	
Commercial Property Value FY 2021	\$ 428,470,196	3.6%	
Industrial Property Value FY 2019	\$ 247,713,153	6.0%	
Industrial Property Value FY 2020	\$ 273,144,912	10.3%	
Industrial Property Value FY 2021	\$ 275,979,473	1.1%	
Personal Property Value FY 2019	\$ 194,571,550	5.4%	
Personal Property Value FY 2020	\$ 284,848,180	46.4%	
Personal Property Value FY 2021	\$ 341,465,320	20.0%	
			Tax Levy \$
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
TOTAL TAXABLE VALUE FY 2021	\$ 5,251,575,012	8.5%	\$79,214,680



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 FY2021, prop. 2 ½ tax levy limitation is **\$2,006,440**. Levy Limit calculation is referenced on page 10.

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 2021 NEW GROWTH TOTALS

PROPERTY CLASS	NEW GROWTH VALUE	FY2020 TAX RATES	Est. FY21 NEW GROWTH
RESIDENTIAL	\$46,675,900	\$12.43	\$580,181
COMM./INDUSTRIAL	\$13,540,300	\$26.80	\$362,800
PERSONAL PROPERTY	\$79,530,450	\$26.80	\$2,131,416
TOTAL REAL & PERSONAL	\$139,746,650		

\$ 3,074,478



FISCAL YEAR 2012-2021 – TAX BASE LEVY GROWTH

	RESIDENTIAL 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
FY2021	\$ 580,181	\$ 362,880	\$ 2,131,416	\$ 3,074,478

SINGLE TAX RATE FISCAL YEAR 2015-2021



	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
FY2021	4,205,660,023	428,470,196	275,979,473	341,465,320	5,251,575,012	\$ 15.08

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	\$26.80
2021	5,251,575,012	4,205,660,023	1,045,914,989	65.15	79,214,680	1.75	\$12.27	\$26.40



THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
FISCAL 2021 TAX LEVY LIMITATION FOR
LAWRENCE

FOR BUDGET PLANNING PURPOSES

I. TO CALCULATE THE FY2018 LEVY LIMIT

A. FY2019 Levy Limit	74,107,308	
A1. ADD Amended FY2017 Growth	18,687	
B. ADD (IA + IA1) X 2.5%	1,853,150	
C. ADD FY2020 New Growth	4,270,706	
C1. ADD FY2020 New Growth Adjustment	0	
D. ADD FY2020 Override	0	
E. FY2020 Subtotal	80,249,851	
		I. \$ 80,249,851
F. FY2020 Levy Ceiling	121,000,938	FY2020 Levy Limit

II. TO CALCULATE THE FY2021 LEVY LIMIT

A. FY2020 Levy Limit from I.	80,249,851	
A1. ADD Amended FY2020 Growth	7,768	
B. ADD (IIA + IIA1) X 2.5%	2,006,440	
C. ADD FY2020 New Growth	3,074,477	
C1. ADD FY2020 New Growth Adjustment	0	
D. ADD FY2020 Override	0	
E. FY2020 Subtotal	85,338,536	
		II. \$ 85,338,536
F. FY2021 Levy Ceiling	131,289,375	FY2021 Levy Limit

FY2021 Levy Amount \$79,214,680

Excess Levy Amount Various Years

EST. LEVY CAPACITY FY2021	\$6,123,856
FY2020	\$6,133,660
FY2019	\$3,987,223
FY2018	\$3,610,771
FY2017	\$1,921,878
FY2016	\$1,439,059
FY2015	\$1,472,382
FY2014	\$776

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 FY2004-2021



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
2020	\$1,133,841,000	4,280	\$264,900	\$12.43	\$3,292
EST.2021	\$1,207,442,200	4,284	\$281,800	\$12.27	\$3,457

Tax Shift Impact



Residential Factor 1.70					
	FY2020 TAX RATES		FY2021 TAX RATES		DIF.
	RESIDENTIAL \$12.43 CIP \$26.80		RESIDENTIAL \$12.46 CIP \$25.64		R/O +\$03 CIP (\$1.16)
Property Type	Average Value	2020 Tax Bill	Average Value	2021 Tax Bill	Tax Bill Dif.
Single Family	264,900	\$3,292.71	281,800	\$3,511.23	\$219
Condominiums	138,800	\$1,725.28	151,800	\$1,891.43	\$166
Two Family	351,700	\$4,371.63	379,400	\$4,727.32	\$356
Three Family	396,500	\$4,928.50	432,200	\$5,385.21	\$457
Commercial	458,100	\$12,277.08	471,100	\$12,079.00	(\$198)
Industrial	1,349,500	\$36,166.60	1,385,000	\$35,511.40	(\$655)

Tax Shift Impact



Residential Factor 1.71					
	FY2020 TAX RATES		FY2021 TAX RATES		
	RESIDENTIAL \$12.43 CIP \$26.80		RESIDENTIAL \$12.42 CIP \$25.79		Decrease R/O (\$0.01) CIP (\$1.01)
Property Type	Average Value	2020 Tax Bill	Average Value	2021 Tax Bill	Tax Bill Dif.
Single Family	264,900	\$3,292.71	281,800	\$3,499.96	\$207
Condominiums	138,800	\$1,725.28	151,800	\$1,885.36	\$160
Two Family	351,700	\$4,371.63	379,400	\$4,712.15	\$340
Three Family	396,500	\$4,928.50	432,200	\$5,367.92	\$439
Commercial	458,100	\$12,277.08	471,100	\$12,149.67	(\$127)
Industrial	1,349,500	\$36,166.60	1,385,000	\$35,719.15	(\$447)

Tax Shift Impact



Residential Factor 1.72					
	FY2020 TAX RATES		FY2021 TAX RATES		Decrease R/O (\$0.05) CIP (\$0.86)
	RESIDENTIAL \$12.43 CIP \$26.80		RESIDENTIAL \$12.38 CIP \$25.94		
Property Type	Average Value	2020 Tax Bill	Average Value	2021 Tax Bill	Tax Bill Dif.
Single Family	264,900	\$3,292.71	281,800	\$3,488.68	\$196
Condominiums	138,800	\$1,725.28	151,800	\$1,879.28	\$154
Two Family	351,700	\$4,371.63	379,400	\$4,696.97	\$325
Three Family	396,500	\$4,928.50	432,200	\$5,350.64	\$422
Commercial	458,100	\$12,277.08	471,100	\$12,220.33	(\$57)
Industrial	1,349,500	\$36,166.60	1,385,000	\$35,926.90	(\$240)

Tax Shift Impact



Residential Factor 1.73					
	FY2020 TAX RATES		FY2021 TAX RATES		Decrease R/O (\$.08) CIP (\$.70)
	RESIDENTIAL \$12.43 CIP \$26.80		RESIDENTIAL \$12.35 CIP \$26.10		
Property Type	Average Value	2020 Tax Bill	Average Value	2021 Tax Bill	Tax Bill Dif.
Single Family	264,900	\$3,292.71	281,800	\$3,480.23	\$187
Condominiums	138,800	\$1,725.28	151,800	\$1,874.73	\$149
Two Family	351,700	\$4,371.63	379,400	\$4,685.59	\$314
Three Family	396,500	\$4,928.50	432,200	\$5,337.67	\$409
Commercial	458,100	\$12,277.08	471,100	\$12,295.71	\$19
Industrial	1,349,500	\$36,166.60	1,385,000	\$36,148.50	(\$18.10)

Tax Shift Impact



Residential Factor 1.74					
	FY2020 TAX RATES		FY2021 TAX RATES		Decrease R/O (\$0.12) CIP (\$0.55)
	RESIDENTIAL \$12.43 CIP \$26.80		RESIDENTIAL \$12.31 CIP \$26.25		
Property Type	Average Value	2020 Tax Bill	Average Value	2021 Tax Bill	Tax Bill Dif.
Single Family	264,900	\$3,292.71	281,800	\$3,468.96	\$176
Condominiums	138,800	\$1,725.28	151,800	\$1,868.66	\$143
Two Family	351,700	\$4,371.63	379,400	\$4,670.41	\$299
Three Family	396,500	\$4,928.50	432,200	\$5,320.38	\$392
Commercial	458,100	\$12,277.08	471,100	\$12,366.38	\$89
Industrial	1,349,500	\$36,166.60	1,385,000	\$36,356.25	\$190

Tax Shift Impact



Residential Factor 1.75					
	FY2020 TAX RATES		FY2021 TAX RATES		Decrease R/O (\$.16) CIP (\$.40)
	RESIDENTIAL \$12.43 CIP \$26.80		RESIDENTIAL \$12.27 CIP \$26.40		
Property Type	Average Value	2020 Tax Bill	Average Value	2021 Tax Bill	Tax Bill Dif.
Single Family	264,900	\$3,292.71	281,800	\$3,457.69	\$165
Condominiums	138,800	\$1,725.28	151,800	\$1,862.59	\$137
Two Family	351,700	\$4,371.63	379,400	\$4,655.24	\$284
Three Family	396,500	\$4,928.50	432,200	\$5,303.09	\$375
Commercial	458,100	\$12,277.08	471,100	\$12,437.04	\$160
Industrial	1,349,500	\$36,166.60	1,385,000	\$36,564.00	\$397

TAX BILL DIFFERENCE ROUNDED



TAX CLASSIFICATION SHIFT RANGE 1.70 TO 1.75 SINGLE FAMILY AND COMMERCIAL TAX BILL FISCAL YEAR 2021

Factor	Res. Rate	Avg. SFH Tax Bill	Increase in FY2021
1.75	12.27	\$3,458	\$165
1.74	12.31	\$3,469	\$176
1.73	12.35	\$3,480	\$187
1.72	12.38	\$3,489	\$196
1.71	12.42	\$3,500	\$207
1.70	12.46	\$3,511	\$219

Factor	Comm. Tax Rate	Avg. Comm. Tax Bill	Increase in FY2021
1.75	26.40	\$12,437	\$160
1.74	26.25	\$12,366	\$89
1.73	26.10	\$12,296	\$19
1.72	25.94	\$12,220	(\$57)
1.71	25.79	\$12,150	(\$127)
1.70	25.64	\$12,079	(\$198)



Timeline Tax Rate Certification

October

- 20th -City Councilors refers item to Budget and Finance.
- 28TH -Budget & Finance Tax Classification Presentation.

November

- 10th – City Council orders Tax Classification Public Hearing
- 18th - Classification Public Hearing advertised in ET

December

- 1st - **City Council Tax Classification Public Hearing Vote**
- 8th - DOR Certifies Fiscal Year 2021 Tax Rate Recap
- 31st – Deadline for mailing 3rd Quarter “Actual” Tax Bills



Questions?

Contacting the Assessors Office

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