



Town of Paxton

FY2024

Tax Classification Hearing

PROPOSITION 2 ½

Proposition 2 ½ is the title given to an initiative petition adopted by the voters of the Commonwealth of Massachusetts in 1980.

Relative to real estate property taxes, the initiative's principal feature relates to the total amount of property taxes a city or town can raise each year.

HOW DOES PROPOSITION 2 ½ LIMIT PROPERTY TAXES?

Proposition 2 ½ contains two limitations on the amount of property taxes a city or town can raise:

1. The property tax levy ceiling (the amount raised) can never exceed 2 ½% of the full and fair cash value of all taxable property.
2. The property tax levy cannot increase from year to year by more than 2 ½%, with certain exceptions for new growth, over rides, or debt exclusions, as adopted by the voters.

HOW DOES PROP 2 ½ AFFECT MY INDIVIDUAL TAX BILL?

The levy limit affects the total amount of taxes to be raised by a city or town. It does not apply to an individual tax bill.

1. The levy limit can be increased by 2 ½% each year as long as the levy does not exceed 2 ½% of the full cash value of all property.
2. The levy can be increased by the value of new construction and newly taxable parcels. This provision ensures the recovery of the cost of additional services resulting from new taxable projects.
3. The levy can be increased by the adoption of an override or a debt exclusion. An override provision allows the voters to raise additional revenues by a specific amount. The override question is placed on a ballot in a general or special election and is approved by a simple majority of voters. The increase approved by the voters becomes part of the base for calculating future years' levy limits. An override of the levy limit does not allow the levy to exceed the levy ceiling. The debt exclusion allows voters to exclude bonds or debt issued for capital improvements.

TAX CLASSIFICATION

In 1978, the citizens of the Commonwealth of Massachusetts adopted a Constitutional amendment authorizing the General Court to classify real property into as many as four classes and to allow the taxation of such classes at different rates. In 1979, the General Court adopted an act that addressed the desires of the citizens. The Act was supported as a means to prevent the shifting of taxes from business property onto residential property as a result of court ordered revaluation.

Classification does not raise additional dollars from the property tax.

The Commissioner of Revenue supervises the implementation of property tax classification. After the Commissioner has determined that a city or town's assessed values represent full and fair cash value; the assessors classify all property according to use. Local elected officials are then permitted to determine, within limits calculated by the Commissioner, what percentage of the tax burden is to be borne by each property class.

The determination whether to allocate the tax burden by class is made annually.

Massachusetts law provides for three phases. *First*, every city and town must value all taxable property at full and fair cash value. *Second*, each city and town must classify every parcel of property according to use. Assessors must assign all real property in their jurisdiction according to its use: residential, commercial, industrial, and open space. *Third*, each city and town that has revalued and classified may allocate its tax levy among classes of property. The first and second steps are mandatory; the third step is an option.

Proposition 2 ½ affects the total amount of taxes that can be raised.

Classification affects that class of taxpayers that will pay a specific share of the total amount of tax.

Town of Paxton

Factor "1" vs. Chapter 797 Tax Formula

<u>Factor "1"</u>	FY2024	FY2024	FY2023
(A) Total Tax Levy	\$12,575,076.57	\$12,575,076.57	\$12,413,036.55
Total Full Fair Cash Value January 1, 2022 Taxable property	782,518,766.00	782,518,766.00	706,088,541.00
Proposed Fiscal Year 2022 Tax Rate	16.07	16.07	17.58

<u>(B) Class</u>	<u>Full & Fair Cash Valuation</u>	<u>Percentage Share</u>	
Class 1 Residential (R)	\$754,192,820.00	96.3802%	96.3802%
Class 3 Commercial (C)	\$11,635,015.00	1.4869%	
Class 4 Industrial (I)	\$5,358,100.00	0.6847%	
Class 5 Personal Property (P)	\$11,332,831.00	1.4483%	3.6198%
Total	\$782,518,766.00	100.00%	100.00%

Calculation of Chapter 797 Split Rate

(C) Minimum Residential Factor

1. Maximum allowable share of levy that CI & P Classes will bear.
 $3.6198 \times 150\% = 5.4298\%$
2. Minimum allowable share of levy that the R & O Classes will bear.
 $100 - 5.4298 = 94.5702\%$
3. Minimum Residential Factor
 $94.5702\% / 96.3802\% = 98.1221\%$

(D) Policy Decision

R & O Classes	94.5702%
CI & P Classes	5.4298%

(E) Residential Factor

Chapter 58 Sec. 1 (a) mandates a minimum Residential Factor of not less than 65% of the Full and Fair cash value. The burden then shifts from R&O to CIP classes.

(F) Percentage Share of Levy for Each Class

Residential	96.3802 x	98.1221 =	94.5702%	94.5702%
Commercial	1.4869 x	5.4298 /	3.6198 =	2.2303%
Industrial	0.6847 x	5.4298 /	3.6198 =	1.0271%
Personal Property	1.4483 x	5.4298 /	3.6198 =	2.1724%
			100.00%	100.00%

(G) Dollar Share of Levy for Each Class

Total Tax Levy =	\$12,575,076.57 x	94.5702% =	\$11,892,279.6416	Residential
	x	2.2303% =	\$280,462.0366	Commercial
	x	1.0271% =	\$129,157.0005	Industrial
	x	2.1724% =	\$273,177.8913	Personal Property

(H) Tax Rate for Each Class Under Chapter 797

Residential =	\$11,892,279.6416 /	\$754,192,820.00 =	15.77
Commercial =	\$280,462.0366 /	\$11,635,015.00 =	24.11
Industrial =	\$129,157.0005 /	\$5,358,100.00 =	24.11
Personal Property =	\$273,177.8913 /	\$11,332,831.00 =	24.11

(I) Percentage of Increase (Decrease) in Share of Levy

	<u>Factor "1"</u>	<u>Chapter 797</u>	<u>% Change</u>
Residential	96.4	94.6	1.0
Commercial	1.5	2.2	66.7
Industrial	0.7	1.0	66.7
Personal Property	1.4	2.2	66.7
	<u>100.0</u>	<u>100.0</u>	

(J) Increase (Decrease) in Tax Rate

	<u>Factor "1"</u>	<u>Chapter 797</u>	<u>\$ Change</u>
Residential	16.07	15.77	(0.30)
Commercial	16.07	24.11	8.04
Industrial	16.07	24.11	8.04
Personal Property	16.07	24.11	8.04

(K) Comparison of Taxes Levied Under Factor "1" and Chapter 797

Residential	\$459,020 Valuation	x	\$16.07 =	\$7,376.45	
		x	\$15.77 =	\$6,469.44	
				(\$907.01)	(2)% Decrease
Commercial	\$473,043 Valuation	x	\$16.07 =	\$7,601.80	
		x	24.11 =	\$12,917.97	
				\$5,316.17	150% Increase

Select Board to decide how each of the following items will be handled

Question 1

Factor 1 vs. chapter 797 tax formula to determine tax rate.

Question 2

(L) Open Space Discount - Factor "1"

A municipality can apply a discount of up to 25% to open space. The open space discount reduces taxes on property classified as open space and shifts those taxes onto the residential class. Cannot include properties that produce income, have a conservation restriction or are in Chapter 61, 61A or 61B.

Question 3

(M) Residential Exemption

Under the Massachusetts General Law Chapter 59 Sec 5C at the option of the Board of Selectmen an exemption of not more than 20 percent of the average assessed value of all Class One, Residential, parcel may be applied to the residential parcels that are the principal residence of the property taxpayer as used by the taxpayer for state income tax purposes as of January 1, 2022.

Question 4

(N) Commercial Exemption

Chapter 110 of the Acts of 1993 permits, under certain circumstances, local officials to give preferential treatment to commercial properties occupied by small businesses. Under General Law Chapter 59 section 5I, a board of selectmen may now decide annually to exempt up to 10% of the value of Class Three, Commercial parcels that are occupied by businesses with an average annual employment of no more than ten people at all locations during the previous calendar year. If adopted, it has the effect of reducing property taxes on properties occupied by small businesses and shifting those taxes onto other commercial and industrial properties.

TAX RATE RECAPITULATION
Fiscal Year 2024

I. TAX RATE SUMMARY

la. Total amount to be raised (from page 2, IIe)	\$ 17,283,045.21
lb. Total estimated receipts and other revenue sources (from page 2, IIIe)	4,707,968.64
lc. Tax Levy (Ia minus Ib)	\$ 12,575,076.57
ld. Distribution of Tax Rates and levies	

CLASS	(b) Levy percentage (from LA5)	(c) Ic above times each percent in col (b)	(d) Valuation by class (from LA-5)	(e) Tax Rates (c) / (d) x 1000	(f) Levy by class (d) x (e) / 1000
Residential	96.3802	12,119,883.95	754,192,820.00	16.07	12,119,878.62
Net of Exempt					
Open Space	0.0000	0.00	0.00	0.00	0.00
Commercial	1.4869	186,978.81	11,635,015.00	16.07	186,974.69
Net of Exempt					
Industrial	0.6847	86,101.55	5,358,100.00	16.07	86,104.67
SUBTOTAL	98.5518		771,185,935.00		12,392,957.98
Personal	1.4482	182,112.26	11,332,831.00	16.07	182,118.59
TOTAL	100.0000		782,518,766.00		12,575,076.57

MUST EQUAL 1C

Signatures

Assessors

Kateri M. Clute, Assessor Chairman , Paxton , kclute@townofpaxton.net 508-799-7231 | 11/21/2023 12:17 PM

Comment:

Deirdre L. Malone, Assessor Vice Chair , Paxton , kclute@townofpaxton.net 508-799-7231 | 11/21/2023 2:10 PM

Comment:

Documents

No documents have been uploaded.

Do Not Write Below This Line --- For Department of Revenue Use Only

Reviewed By: Amy Handfield

Date:

Approved:

Director of Accounts:

TAX RATE RECAPITULATION
Fiscal Year 2024

II. Amounts to be raised

Ila. Appropriations (col.(b) through col.(g) from page 4)		<u>17,176,564.64</u>
Ilb. Other amounts to be raised		
1. Amounts certified for tax title purposes	<u>0.00</u>	
2. Debt and interest charges not included on page 4	0.00	
3. Final Awards	0.00	
4. Retained Earnings Deficit	0.00	
5. Total cherry sheet offsets (see cherry sheet 1-ER)	13,851.00	
6. Revenue deficits	0.00	
7. Offset receipts deficits Ch. 44, Sec. 53E	0.00	
8. CPA other unappropriated/unreserved	<u>0.00</u>	
9. Snow and ice deficit Ch. 44, Sec. 31D	0.00	
10. Other :	0.00	
TOTAL Ilb (Total lines 1 through 10)		<u>13,851.00</u>
Ilc. State and county cherry sheet charges (C.S. 1-EC)		44,794.00
Ild. Allowance for abatements and exemptions (overlay)		47,835.57
Ile. Total amount to be raised (Total Ila through Ild)		<u>17,283,045.21</u>

III. Estimated receipts and other revenue sources

IIIa. Estimated receipts - State		
1. Cherry sheet estimated receipts (C.S. 1-ER Total)	818,738.00	
2. Massachusetts school building authority payments	0.00	
TOTAL IIIa		<u>818,738.00</u>
IIIb. Estimated receipts - Local		
1. Local receipts not allocated (page 3, col (b) Line 24)	<u>1,398,313.00</u>	
2. Offset Receipts (Schedule A-1)	<u>0.00</u>	
3. Enterprise Funds (Schedule A-2)	<u>1,262,928.64</u>	
4. Community Preservation Funds (See Schedule A-4)	<u>0.00</u>	
TOTAL IIIb		<u>2,661,241.64</u>
IIIc. Revenue sources appropriated for particular purposes		
1. Free cash (page 4, col (c))	<u>579,511.00</u>	
2. Other available funds (page 4, col (d))	<u>648,478.00</u>	
TOTAL IIIc		<u>1,227,989.00</u>
IIId. Other revenue sources appropriated specifically to reduce the tax rate		
1a. Free cash..appropriated on or before June 30, 2023	0.00	
1b. Free cash..appropriated on or after July 1, 2023	0.00	

DIVISION OF LOCAL SERVICES

TOWN

BUREAU OF ACCOUNTS

TAX RATE RECAPITULATION
Fiscal Year 2024

Table with 2 columns: Description and Amount. Rows include: 2. Municipal light surplus (0.00), 3. Other source (0.00), TOTAL III d (0.00), III e. Total estimated receipts and other revenue sources (4,707,968.64), IV. Summary of total amount to be raised and total receipts from all sources (17,283,045.21), a. Total amount to be raised (from II e) (17,283,045.21), b. Total estimated receipts and other revenue sources (from III e) (4,707,968.64), c. Total real and personal property tax levy (from I c) (12,575,076.57), d. Total receipts from all sources (total IV b plus IV c) (17,283,045.21)

TAX RATE RECAPITULATION
Fiscal Year 2024

LOCAL RECEIPTS NOT ALLOCATED *

	Receipt Type Description	(a) Actual Receipts Fiscal 2023	(b) Estimated Receipts Fiscal 2024	Percentage Change
==>	1. MOTOR VEHICLE EXCISE	756,223.75	705,000.00	-6.77
	2. OTHER EXCISE			
==>	a.Meals	30,375.85	28,000.00	-7.82
==>	b.Room	0.00	0.00	0.00
==>	c.Other	0.00	0.00	0.00
==>	d.Cannabis	0.00	0.00	0.00
==>	3. PENALTIES AND INTEREST ON TAXES AND EXCISES	27,236.47	20,000.00	-26.57
==>	4. PAYMENTS IN LIEU OF TAXES	46,062.36	36,000.00	-21.85
	5. CHARGES FOR SERVICES - WATER	0.00	0.00	0.00
	6. CHARGES FOR SERVICES - SEWER	0.00	0.00	0.00
	7. CHARGES FOR SERVICES - HOSPITAL	0.00	0.00	0.00
	8. CHARGES FOR SERVICES - SOLID WASTE FEES	418,264.14	409,506.00	-2.09
	9. OTHER CHARGES FOR SERVICES	0.00	0.00	0.00
	10. FEES	61,787.49	48,500.00	-21.51
	a.Cannabis Impact Fee	0.00	0.00	0.00
	b.Community Impact Fee Short Term Rentals	0.00	0.00	0.00
	11. RENTALS	3,600.00	4,000.00	11.11
	12. DEPARTMENTAL REVENUE - SCHOOLS	0.00	0.00	0.00
	13. DEPARTMENTAL REVENUE - LIBRARIES	0.00	0.00	0.00
	14. DEPARTMENTAL REVENUE - CEMETERIES	15,050.00	15,000.00	-0.33
	15. DEPARTMENTAL REVENUE - RECREATION	0.00	0.00	0.00
	16. OTHER DEPARTMENTAL REVENUE	25,865.72	23,163.00	-10.45
	17. LICENSES AND PERMITS			
	a.Building Permits	30,090.00	25,000.00	-16.92
	b.Other licenses and permits	51,015.00	46,350.00	-9.14
	18. SPECIAL ASSESSMENTS	0.00	0.00	0.00
==>	19. FINES AND FORFEITS	14,993.97	14,000.00	-6.63
==>	20. INVESTMENT INCOME	29,951.39	17,000.00	-43.24
==>	21. MEDICAID REIMBURSEMENT	0.00	0.00	0.00
==>	22. MISCELLANEOUS RECURRING	10,911.00	6,794.00	-37.73
	23. MISCELLANEOUS NON-RECURRING	41,749.11	0.00	-100.00
	24. Totals	1,563,176.25	1,398,313.00	-10.55

Signatures

TAX RATE RECAPITULATION

Fiscal Year 2024

Accounting Officer

I hereby certify that the actual receipts as shown in column (a) are, to the best of my knowledge correct and complete, and I further certify that I have examined the entries made on page 4 of the above-indicated fiscal year tax rate recapitulation form by the City / Town / District Clerk and hereby acknowledge that such entries correctly reflect the appropriations made and the sources from which such appropriations are to be met.

Larissa Kennedy, Accountant , Paxton , lkennedy@townofpaxton.net 508-799-7347 | 11/21/2023 12:10 PM

Comment:

Documents

No documents have been uploaded.

* Do not include receipts in columns (a) or (b) that were voted by the City / Town / District Council or Town Meeting as offset receipts on Schedule A-1, enterprise funds on Schedule A-2, or departmental revolving funds per Chapter 44, Section 53E 1/2. The Recap Page 3 Support form must be submitted to support increases / decreases of estimated receipts to actual receipts.

==> The Recap Page 3 Support form must be submitted to support increases/ decreases of FY 2024 estimated receipts to FY 2023 estimated receipts to be used in calculating the Municipal Revenue Growth Factor (MRGF). The Recap Page 3 Support form must be submitted to list each receipt type included in rows 22 and 23, Miscellaneous Recurring and Non-Recurring.

TAX RATE RECAPITULATION
 Fiscal Year 2024

City/Town Council or Town Meeting Dates	FY*	APPROPRIATIONS							AUTHORIZATIONS	
		(a) Total Appropriations Of Each Meeting	(b) From Raise and Appropriate	(c) From Free Cash (See B-1)	(d) From Other Available Funds (See B-2)	(e) From Offset Receipts (See A-1)	(f) From Enterprise Funds (See A-2)	(g) From Community Preservation Funds (See A-4)	(h) *** Departmental Revolving Funds	(i) Borrowing Authorization (Other)
06/05/2023	2024	17,028,088.00	14,685,647.00	564,511.00	623,865.00	0.00	1,154,045.00	0.00	267,000.00	0.00
11/20/2023	2024	148,496.64	0.00	15,000.00	24,613.00	0.00	108,883.64	0.00	0.00	0.00
Total		17,176,584.64	14,685,647.00	579,511.00	648,478.00	0.00	1,262,928.64	0.00		

* Enter the fiscal year to which the appropriation relates.
 ** Appropriations included in column (b) must not be reduced by local receipts or any other funding source. Appropriations must be entered gross to avoid a duplication in the use of estimated or other sources of receipts.
 *** Include only revolving funds pursuant to Chapter 44, Section 53 E 1/2.

Clerk
 I hereby certify that the appropriations correctly reflect the votes taken by City / Town / District Council.
 Laurie Becker, Town Clerk, Paxton, lbecker@townofpaxton.net 508-799-7347 | 11/21/2023 9:52 AM
 Comment:

Signatures
 Documents
 No documents have been uploaded.