

Fiscal Year 2025

Tax Classification Hearing

October 7, 2024



Conway Board of Assessors

Russell French, Chairman

Lee Whitcomb, Member

George Forcier, Member

David Manzello, Regional Tax Assessor

Steven KaCey, Associate Assessor

Introduction

Each year, prior to the mailing of 3rd quarter tax billings, the Selectboard holds a public hearing to determine the percentage of the town's property tax levy to be borne by each major property class. This responsibility and procedure are described in Chapter 40, Section 56 of the Massachusetts General Laws.

The steps in completing the Classification Hearing are outlined below. Also provided is information about the levy, property assessments, and recommendations made by the Board of Assessors.

Steps in Setting Tax Rates

Pre-classification Hearing Steps

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|---|------------------|
| Step 1: Determination of the property tax levy | (Budget Process) |
| Step 2: Determine assessed valuations | (Assessors) |
| Step 3: Tabulate assessed valuations by class | (Assessors) |
| Step 4: Obtain DOR value certification | (Assessors) |
| Step 5: Obtain certification of new growth revenues | (Assessors) |

Classification Hearing Steps

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|--|---------------------------|
| Step 6: Classification hearing presentation | (Assessors & Selectboard) |
| Step 7: Review and discuss tax shift options | (Selectboard) |
| Step 8: Voting a tax shift factor | (Selectboard) |

Post Classification Hearing Steps

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|---|---------------|
| Step 9: Sign the LA-5 Classification Form | (Selectboard) |
| Step 10: Send annual recap to DOR for tax rate approval | (Assessors) |
| Step 11: Obtain DOR approval of tax rates | (DOR) |

Terminology

The following are definitions of the terms frequently used in the discussion of tax rates.

Levy: The tax levy (or levy) is the amount of property taxes to be raised. 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 from property taxation. **In Conway, the levy to be raised is estimated to be \$5,941,394.41. This represents a 2.33% increase over last fiscal year 2024's levy of \$5,806,084.25.**

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the town. Based on the Conway aggregate valuation of **\$410,845,126**, the town cannot levy taxes in excess of **\$10,271,128**.

New Growth Revenue: Property taxes derived from newly taxable properties like new construction, additions, renovations, subdivisions, and personal property. **Fiscal year 2025 new growth revenues of \$310,932 have been certified by the Department of Revenue, this is an increase from prior Fiscal Year.**

Levy Limit: Also referred to as the “**maximum allowable levy**”, this is calculated by adding 2.5 percent of the previous year’s levy limit plus new growth revenue for the present fiscal year to last year’s levy limit. Exceeding the levy limit requires an override of Proposition 2 ½. **The maximum allowable levy for fiscal year 2025 is \$6,928,663.**

Excess Levy Capacity: Excess levy capacity is the difference between the levy and the levy limit. **\$979,575.59**

The Fiscal Year 2025 Levy Limit and Amount to be Raised

The following is a calculation of Conway’s estimated levy for fiscal year 2024.

Fiscal year 2024 levy	\$6,375,340
Levy increase allowed under Prop. 2 ½	159,384
New growth revenue	310,932
Fiscal year 2025 levy limit	6,845,656
Debt excluded under Prop. 2 ½	83,007
Maximum Levy (rounded by tax rate)	6,928,663
Levy ceiling	10,271,128

Valuations by Use Type (LA4)

MASSACHUSETTS DEPARTMENT OF REVENUE

DIVISION OF LOCAL SERVICES

BUREAU OF LOCAL ASSESSMENT

Conway

TOWN

ASSESSMENT/CLASSIFICATION REPORT as of January 1, 2024

Fiscal Year 2025

Property Type	Parcel Count	Class1 Residential	Class2 Open Space	Class3 Commercial	Class4 Industrial	Class5 Pers Prop
101	598	249,846,100				
102	0	0				
MISC 103,109	16	4,880,300				
104	37	15,949,700				
105	1	647,100				
111-125	1	561,300				
130-32,106	303	14,613,900				
200-231	0		0			
300-393	13			1,826,500		
400-442	14				655,200	
450-452	2				10,173,900	
CH 61 LAND	37	62	0	339,576		
CH 61A LAND	59	50	0	537,706		
CH 61B LAND	41	32	0	1,557,919		
012-043	16	50,975,077	0	3,610,591	606,123	
501	44					943,178
502	1					878,780
503	0					0
504	2					47,192,005
505	2					877,900
506	0					0
508	1					21,651
550-552	1					4,759,400
TOTALS	1,333	337,473,477	0	7,872,292	11,435,223	54,672,914
Real and Personal Property Total Value						411,453,906
Exempt Parcel Count & Value						127 23,925,224

Valuations by Class Before Tax Shift

Major Property Class	Valuation	Percent	Res vs CIP%	Prior Fiscal Valuation	Change
Residential	337,473,477	82.0198%	82.0198%	303,918,529	11.04%
Commercial	7,872,292	1.9133%		7,783,483	1.14%
Industrial	11,435,223	2.7792%		11,438,039	-0.2%
Personal Property	54,672,914	13.2877%	17.9802%	30,889,476	75.02%
TOTAL	411,453,906	100.00		354,029,527	16.22%

Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Conway, like most small Massachusetts towns, has in the past chosen not to shift taxes. A shift does not create more revenue for the town, merely changes the slice of the pie each class gets served.

The goal of recent classification hearings has been to maintain a uniform tax rate across all classes of property.

Conway - 068														
CLASS	VALUE	%		Levy	5,941,394	ENTER CIP SHIFT RANGE								
Residential	337,473,477	82.0198	R & O %	Single TaxRate	14.44	Shift Range	1.00	1.50						
Open Space	0	0.0000	82.0198			Shift Increment %	1.00							
Commercial	7,872,292	1.9133				Max Shift Allowed	1.50							
Industrial	11,435,223	2.7792	C I P %											
Personal Property	54,672,914	13.2877	17.9802											
Total	411,453,906	100.0000												

Note: This table should be used for planning purposes only. Actual calculations may differ slightly due to rounding. For actual calculations, complete Recap.

CIP Shift	Share Percentages						Levy Amounts					Estimated Tax Rates			
	Res Factor	Res SP	Comm SP	Ind SP	PP SP	Total SP	Res LA	Comm LA	Ind LA	PP LA	Total LA	Res ET	Comm ET	Ind ET	PP ET
1.0000	1.0000	82.0198	1.9133	2.7792	13.2877	100.0000	4,873,119	113,677	165,123	789,475	5,941,394	14.44	14.44	14.44	14.44
1.0100	0.9978	81.8400	1.9324	2.8070	13.4206	100.0000	4,862,437	114,813	166,774	797,369	5,941,394	14.41	14.58	14.58	14.58
1.0500	0.9890	81.1208	2.0090	2.9182	13.9521	100.0000	4,819,706	119,361	173,379	828,948	5,941,394	14.28	15.16	15.16	15.16
1.1000	0.9781	80.2218	2.1046	3.0571	14.6165	100.0000	4,766,292	125,044	181,636	868,422	5,941,394	14.12	15.88	15.88	15.88
1.2000	0.9562	78.4237	2.2960	3.3350	15.9452	100.0000	4,659,464	136,412	198,148	947,370	5,941,393	13.81	17.33	17.33	17.33
1.2500	0.9452	77.5247	2.3916	3.4740	16.6096	100.0000	4,606,050	142,096	206,404	986,843	5,941,393	13.65	18.05	18.05	18.05
1.5000	0.8904	73.0297	2.8700	4.1688	19.9316	100.0000	4,338,981	170,515	247,685	1,184,212	5,941,392	12.86	21.66	21.66	21.66

Tax Rates

Based on the above shift factors, the Board of Assessors has calculated the following tax rate needed to raise the tax levy:

Property Class	<u>FY2024</u>	<u>FY2025</u>
Residential	16.40	14.44
Commercial	16.40	14.44
Industrial	16.40	14.44
Personal Property	16.40	14.44

Note that the fiscal year 2025 rate is an **estimate** and may change upon Department of Revenue review.

Tax Impacts

Fiscal year 2025 residential valuations have increased approximately 12% from last year, reflecting a positive real estate market.

The average residential tax bill calculation will change as follows:

FY 2025 Average Single-Family Valuation:	\$417,800
Taxes at \$14.50 per thousand	\$6033
FY2024 Average Single-Family Valuation:	\$373,500
Taxes at \$16.40 per thousand	\$6,125

Average Value Increase
Average Tax Increase

\$44,300/11.86%
\$-92/-1.50%

Recommendations

The Board of Assessors recommends that the Selectboard adopt a residential shift factor of 1.000 with a corresponding CIP factor of 1.000, thereby maintaining the relative shares of overall tax burden borne by the residential property owners in past years. Conway is also a right to farm community with 189 Chapter 61 parcels, a shift in the rate will affect all of these parcels and farmers.

Based on the above assumptions and a single tax rate.

With a single tax rate, the estimated levy to be raised by taxation would be **\$5,941,394.41**
Excess Levy Capacity would be in the amount of \$979,575.59

Voting a Tax Shift Factor- (Selectperson to read below verbiage at meeting for motion)

The Conway Board of Selectpersons votes in accordance with M.G.L., Ch. 40, Sec. 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2025 tax rates and set the Residential Factor at 1.000, with a corresponding CIP shift of 1.000, pending certification of the Town's annual tax recap by the Massachusetts Department of Revenue.