

Frequently Asked Questions about Assessments and Tax Bills

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What is an Assessment?

The assessed value (or assessment) is the value of property to be used for local taxation as determined by the Assessors according to Massachusetts General Laws and regulations set by the Commissioner of Revenue.

Why did my Assessment change?

Assessors must value all real and personal property within their communities annually to achieve full and fair cash value assessments in accordance with the requirements of Massachusetts General Laws. The last time this was done in Winthrop was for Fiscal Year 2010 (Interim Year Adjustments).

How often do assessments change?

To ensure compliance with the requirement that municipalities assess property at "full and fair cash value," the Massachusetts Department of Revenue requires every city and town in the Commonwealth of Massachusetts to undergo a full recertification every three years. Fiscal 2009 was a recertification year for Winthrop as were Fiscal 2006, 2003 and 2000. During the two interim years between triennial recertifications, the Board of Assessors has the option of doing nothing if they feel that property values are fairly stable--or of making interim-year adjustments in attempt to keep assessments at fair market value. Because the real estate market has been extraordinarily strong in recent years, the Assessors have opted to make interim-year adjustments which would increase value assessments. On the other hand, in the past year to 18-months, we have seen a downswing in the real estate market and sales in some segments are not maintaining their performance.

What and How are interim-year adjustments calculated?

Assessments in interim-year adjustment years are based on one (1) calendar-year of sales data; and in some cases where sales data for a certain segment does not meet the State Department of Revenue sample size which is 5% of property class or 20 parcels (whichever is greater). If samples size is not met, then two (2) calendar-years of sales data has to be used. In addition, sample should be representative. This methodology is a statistical computation of assessments and is determined if the market sales data within that timeframe was above average, average or declining. Beginning with Fiscal Year 2005, the State Department of Revenue has mandated that communities MUST make interim-year adjustments (http://www.mass.gov/Ador/docs/dls/bla/LA15_Clarification.pdf).

How do the Assessors determine value?

By law property valuation in Massachusetts is required to be based on "full and fair cash value," which is the amount a willing and knowledgeable buyer would pay a willing and knowledgeable seller on the open market. The Assessors must collect, record, and analyze a great deal of information about property and market characteristics in order to estimate the fair market value.

The Assessors first inspect each property to record specific features of the land and building(s) that contribute to its value: size; type and quality of construction; number of dwelling units, baths, fireplaces; type of heating system. In addition, the neighborhood in which a property is located and the extent (if any) of its view of the water have a major impact on value. These and other features are listed on individual property record cards that are available in the Assessors' Office.

Determining "full and fair cash value" of a property involves discovering what similar properties are selling for and what the property would cost today to replace. Valuation techniques for commercial properties also include analysis from an investment point of view and how interest rates may be affecting the real estate market.

The Assessors do not create value. Rather, they have the legal responsibility to discover and reflect the changes that are occurring in the marketplace.

How are my taxes determined?

The amount of taxes you pay is determined by the appropriations in the annual budget. The Town adopts a budget that reflects what services will be provided and the cost to provide those services. After the Town adopts a budget, the amount of taxes to be raised is calculated in accordance with Proposition 2-1/2 and divided by the total taxable valuation of the Town to determine the projected single tax rate. The Town Council then holds a public hearing to determine whether and how much residential tax will be shifted onto the commercial properties, commonly referred to as the split tax rate (commercial properties pay a higher tax rate than residential properties). All the information is forwarded to the Department of Revenue for its review and approval. The tax rates are then finalized to raise the needed dollars to pay for Town services.

Winthrop has a single tax rate for Residential and Commercial / Industrial / Personal Property tax. The FY2010 Residential tax rate is \$12.70 and Commercial / Industrial / Personal Property tax rate is \$12.70.

Is the purpose of a revaluation to increase taxes?

No, the purpose of a revaluation is to make all parcels in a community fair and equitable in relation to each other, based on current market trends. Whether taxes as a whole go up or down is based more on the Town's budget than the assessments.

How can my assessment change when I haven't done anything to my property?

Since assessments must be set at market value, rising real estate values in the Town resulted in higher assessments and vice versa. As property values change in the marketplace (sales), those changes must be reflected in the assessments. All properties, however, do not change in value to exactly the same degree. Many factors influence values. Among the numerous factors to be considered are location, condition, size, quality, number of baths, finished basement, garages, additions, and traffic.

In addition, if the Town votes for an over-ride, this would increase the tax levy by the voted amount.

What is an Override?

Proposition 2¹/₂ allows a community to assess taxes in excess of the automatic annual 2.5 percent increase and any increase due to new growth by passing an override. A community may take this action as long as it is below its levy ceiling, or 2.5 percent of full and fair cash value. An override cannot increase a community's levy limit above the level of the community's levy ceiling.

When an override is passed, the levy limit for the year is calculated by including the amount of the override. The override results in a permanent increase in the levy limit of a community, which as part of the levy limit base, increases at the rate of 2.5 percent each year.

A majority vote of a community's selectmen, or town or city council (with the mayor's approval if required by law) allows an override question to be placed on the ballot. Override questions must be presented in dollar terms and must specify the purpose of the override. Overrides require a majority vote of approval by the electorate.

The Town of Winthrop passed an override May 19, 2009 for FY2010 in the amount of \$2,500,895 (two million, five hundred thousand, eight hundred ninety-five dollars). This amount is added to the tax levy limit for FY2010; it increases the ceiling to the amount the Town is able to tax up-to.

Below we **highlight** where the amount of an override is added in the calculation of the levy limit:

Taking the previous year's levy limit and increasing it by 2.5%.

A. FY2009 Levy Limit & FY2009 Amended Growth	\$ 19,016,583
B. (A) time 2.5%	\$ 475,415

Adding to the levy limit amounts of certified new growth added to the community's tax base:

C. FY2010 New Growth	\$ 106,272
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Adding to the levy limit amounts authorized by override votes:

D. FY2010 Override	\$ 2,500,895
E. FY2010 Debt Exclusion(s)	\$ 962,413
F. FY2010 Subtotal (A+B+C+D+E)	\$23,061,578

Comparing the FY2010 levy limit to the FY2010 levy ceiling and applying the lesser number (compare F and G)

G. FY2010 Levy Ceiling	\$45,388,097
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\$23,061,578
Applicable FY2010 Levy Limit
(lesser of F and G)

Winthrop can levy up to its levy limit of \$23,061,578 in FY2010.

Winthrop's committed tax levy is \$23,057,153.15 for FY2010.

FY2010 Tax Recapulation Tax Levy	\$23,057,153.15
FY2010 Real Estate & Personal Property Preliminary Q1 & Q2	\$11,473,444.47
FY2010 Real Estate & Personal Property Actual Q3 & Q4	\$11,583,708.68
Total:	\$ 23,057,153.15

What if I disagree with the assessed value of my property?

If you believe that your property is over-assessed, not assessed fairly in comparison to other properties, or that it is not classified correctly, you have the right to file for an abatement of taxes. Applications for abatement are available and must be filed with the Assessor's Office. In filing an abatement application you will want to be specific about why you disagree with your assessment. Is there some misinformation on your property record card? Did you find values of comparable properties lower than your property? Please provide us with all the necessary information to support your position on valuation.

When can I apply for an abatement on my Real or Personal Property?

Once the ACTUAL TAX bill (3rd installment of Quarterly Billing) is MAILED, ***you will have until the due date of the 3rd installment (February 1, 2010) to file an abatement application with the Assessor's Office.*** Please note that the Board of Assessors may only consider an application for an abatement that has been filed with the Assessor's Office in a timely manner.

How can I learn more about my rights for an abatement, exemption, or deferral?

By contacting the Assessors' Office at (617) 846-2716 or stopping by their office on Monday 8:00 AM - 7:30 PM or Tuesday through Thursday, 8:00 AM - 4:30 PM; Closed on Friday.