



# Town of Wayland Fiscal Year 2022 Tax Classification Hearing

Presented by the Board of Assessors

Zachariah Ventress, Chair

Philip Parks, Vice Chair

Molly Upton, Secretary

Sharon Burke, Member

Massimo Taurisano, Member

December 6, 2021

# Purpose of the Hearing

To adopt the Town's Tax Policy by allocating or classifying the tax levy among the property types.

# Action Required by the Board of Selectmen

1. Vote to maintain a single tax rate or shift a portion of the tax levy from the Residential class to the Commercial / Industrial and Personal Property classes.
2. Vote to whether adopt a residential exemption.
3. Vote to whether adopt a small commercial exemption.

# Property Assessment Review

- Fiscal Year 2022 was an Interim Valuation Year for the Assessing Department with the Department of Revenue (DOR) certifying assessed values on December 1, 2021.
- The average residential single-family assessment increased from \$800,115 to \$838,491, an increase of 4.8% from the Fiscal Year 2021 assessments.
- This change was based on sale prices for properties selling in CY 2020.

# Property Assessment Review (continued)

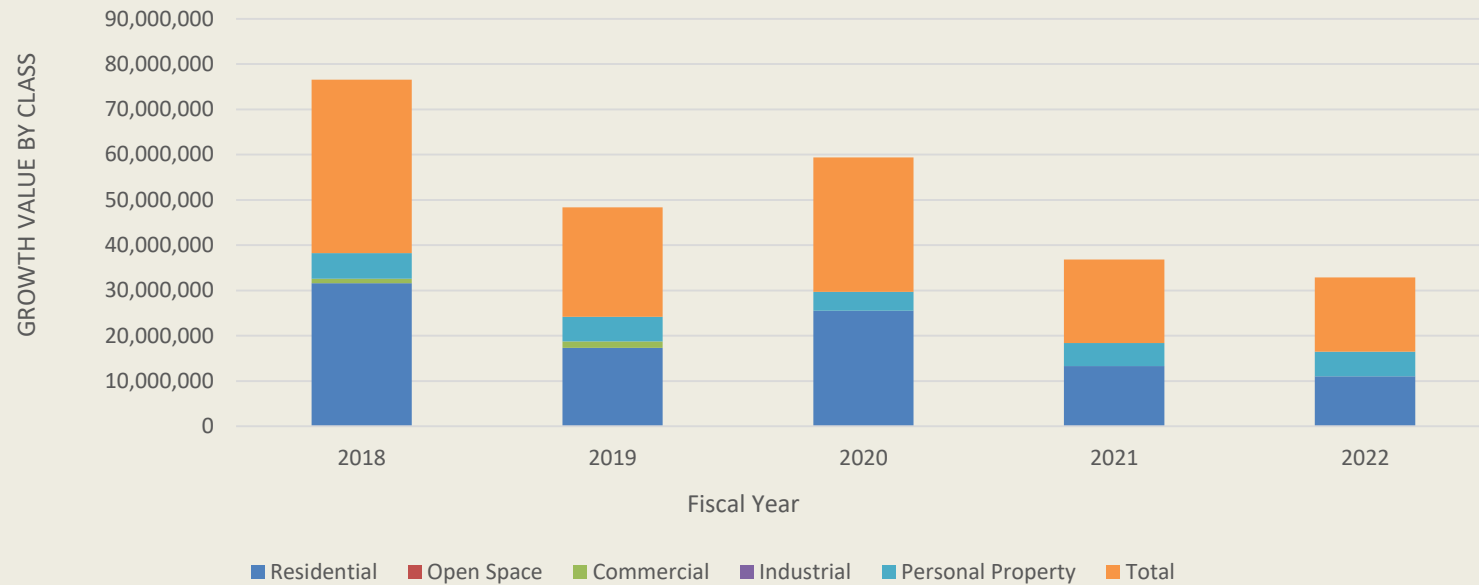
Assessment Date:	1-Jan-20	1-Jan-20							
Property Class	FY22 Valuation	FY 21 Valuation	\$ Change FY21 to FY22	% Change FY21 to FY22	FY22 % Share	FY21 % Share	FY 12 % Share		
Class 1 - Residential	4,003,020,148	3,816,051,966	186,968,182	4.90%	95.2097%	95.4144%	94.8498%		
Class 2 - Open Space	0	0			0.0000%	0.0000%	0.0000%		
R/O Subtotal	4,003,020,148	3,816,051,966	186,968,182	4.90%	95.2097%	95.4144%	94.8498%		
Class 3 - Commercial	137,208,352	131,565,734	5,642,618	4.29%	3.2634%	3.2896%	3.0011%		
Class 4 - Industrial	4,657,300	4,452,500	0	0.00%	0.1108%	0.1114%	0.9559%		
Class 5 - Personal Property	59,540,500	47,379,700	12,160,800	25.67%	1.4161%	1.1847%	1.1932%		
C/I/P Subtotal	201,406,152	183,397,934	18,008,218	9.82%	4.7903%	4.5857%	5.1502%		
Total Taxable Assessed Value	4,204,426,300	3,999,449,900	204,976,400	5.13%					
Class 9 - Exempt	334,273,000	315,418,600	1,821,200	5.98%					

# New Growth

- New Growth is defined by the DOR as a dollar increase in the annual levy limit that reflects additions to the community's tax base since the last fiscal year.
- New Growth was certified on December 1, 2021 as \$16,456,470 in Assessed Value, or \$304,774 in Tax Levy Growth (based on the FY21 tax rate of \$18.52).
- New Growth in FY 2021 was \$18,431,430, resulting in a decrease of 12.0% in Fiscal Year 2022. This decrease is the result of minimal building activity and Covid related inactivity in the Spring of 2021.

# New Growth Value

## Town of Wayland



CLASS	2018	2019	2020	2021	2022
Residential	31,625,907	17,339,000	25,529,200	13,303,900	11,082,400
Open Space	0	0	0	0	0
Commercial	986,100	1,418,300	0	0	0
Industrial	0	0	0	0	0
Personal Property	5,659,430	5,427,970	4,176,590	5,127,530	5,374,070
Total	38,271,437	24,185,270	29,705,790	18,431,430	16,456,470

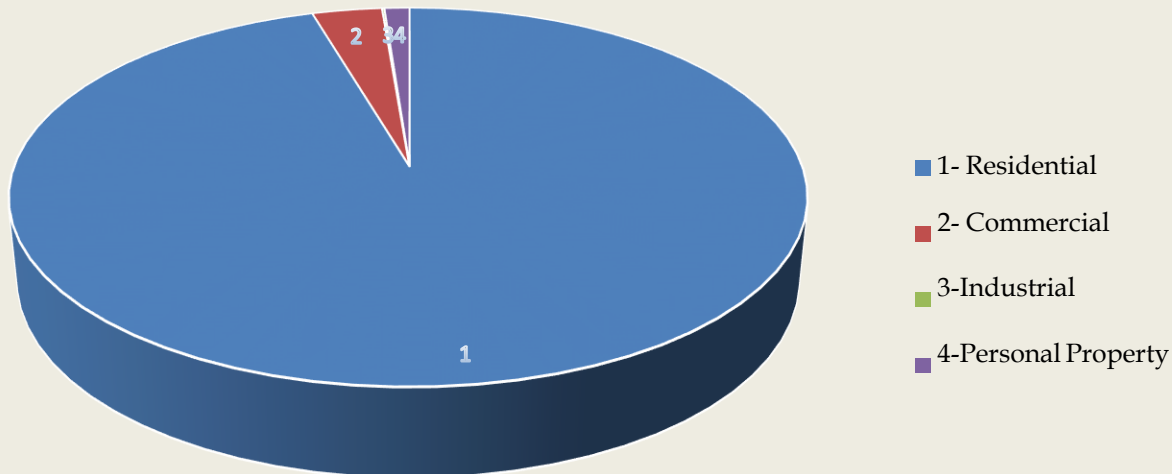
# Fiscal 2022 Value by Class

Fiscal 2021		
	Value	% of Levy
Residential	\$ 3,816,051,966	95.4144%
Commercial	\$ 131,565,734	3.2896%
Industrial	\$ 4,452,500	0.1113%
Personal Property	\$ 45,379,700	1.1847%
Total Value	\$ 3,999,449,900	100.00%

Fiscal 2022		
	Value	% of Levy
Residential	\$ 4,003,020,148	95.2097%
Commercial	\$ 137,208,352	3.2634%
Industrial	\$ 4,657,300	0.1108%
Personal Property	\$ 59,540,500	1.4161%
Total Value	\$ 4,204,426,300	100.00%

5.13% increase in total value

## Percent of Levy





# How the Tax Rate is Calculated

**FY 2022 Property Tax Levy**

**\$77,151,222.62**

**= 0.01835**

**FY 2022 Town Taxable Valuation**

**\$4,204,426,300**

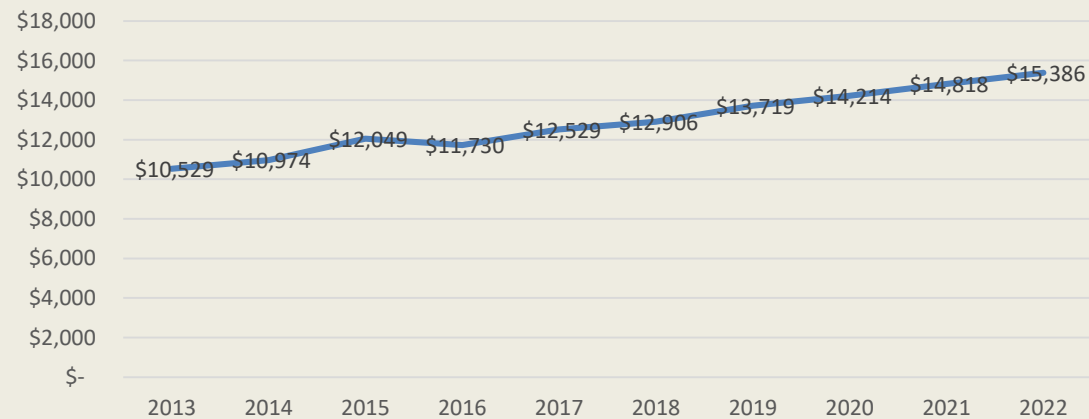
**or**

**\$18.35 per thousand dollars of assessed value  
if a uniform rate is selected tonight**

# Historical Recap of Average Single Family Tax Bill

Year	Average Single Family Value	% Value Change	Single Family Tax Bill*	Single Family Tax Bill as % of Value*	\$ Change YOY	% Change YOY
2013	\$ 588,530		\$10,529	1.79%		
2014	\$ 598,679	1.724%	\$10,974	1.83%	\$445	4.23%
2015	\$ 655,211	9.443%	\$12,049	1.84%	\$1,075	9.80%
2016	\$ 676,477	3.246%	\$11,730	1.73%	-\$319	-2.65%
2017	\$ 690,698	2.102%	\$12,529	1.81%	\$799	6.81%
2018	\$ 715,824	3.638%	\$12,906	1.80%	\$377	3.01%
2019	\$ 750,469	4.840%	\$13,719	1.83%	\$813	6.30%
2020	\$ 800,314	6.642%	\$14,214	1.78%	\$495	3.61%
2021	\$ 800,115	-0.025%	\$14,818	1.85%	\$604	4.25%
2022	\$ 838,491	-4.796%	\$15,386	1.83%	\$568	3.83%

Average Single Family Tax Bill



# Historical Percent of Levy by Class

FY	Residential % of Levy	CIP % of Levy
2012	94.85	5.15
2013	94.75	5.25
2014	94.48	5.52
2015	94.90	5.10
2016	94.91	5.09
2017	94.96	5.04
2018	94.08	4.92
2019	95.16	4.84
2020	95.42	4.58
2021	95.41	4.59
2022	95.21	4.79

Wayland's percentage of Commercial, Industrial and Personal Property Values has historically been at 5% or less of the total valuation of the Community.

Wayland remains a residential community.

# Selection of Minimum Residential Factor

- A residential factor of 1 will result in the taxation of all property at the same rate (single tax rate).
- A residential factor of less than 1 increases the share of the levy raised by Commercial, Industrial and Personal Property (CIP) owners and reduces the share paid by residential property owners (split tax rate).
- Since 95.2097% of Wayland tax revenue comes from Residential, a slight reduction for the residential properties would put a large increase on CIP properties.
- The minimum residential factor for the Town of Wayland for Fiscal Year 2022 is 97.4843, as determined by the MA Department of Revenue.
- Fiscal Year 2021 had only 115 out of 351 communities voting to have a split tax rate.

# Residential Factor / Split Rate

- MGL Ch. 40 § 56 allows a shift of up to 150% of the tax burden between the classes of property.
- Adoption of a Residential Factor(RF) of 1.0 results in a single tax rate.
- The Town of Wayland has always taxed property equitably with a single rate.
- The impact on the Property Class rate is as follows:

Res. Factor	Residential	CIP	Residential	CIP
1.00	\$18.35	\$18.35	\$73,455,420	\$3,695,803
1.05	\$18.30	\$19.27	\$73,255,269	\$3,881,097
1.10	\$18.26	\$20.18	\$73,095,148	\$4,064,376
1.15	\$18.21	\$21.10	\$72,894,997	\$4,249,670
1.25	\$18.12	\$22.94	\$72,534,725	\$4,620,257
1.50	\$17.89	\$27.52	\$71,614,030	\$5,542,697

# Average Property Examples

## Single Tax Rate:

Avg. Single Family House Value =	$\$838,491 \times \$18.35 / 1000 =$	\$15,386.31
Avg. Commercial Value =	$\$1,175,161 \times \$18.35 / 1000 =$	\$21,564.20

## 2 Rates With CIP Increase of 105%:

Avg. Single Family House Value =	$\$838,491 \times \$18.30 / 1000 =$	\$15,344.39
Avg. Commercial Value =	$\$1,175,161 \times \$19.27 / 1000 =$	\$22,645.35
Avg. Residential Savings =		\$41.92
Avg. Commercial Increase =		\$1,081.15

## 2 Rates With CIP Increase of 110%:

Avg. Single Family House Value =	$\$838,491 \times \$18.26 / 1000 =$	\$15,310.85
Avg. Commercial Value =	$\$1,175,161 \times \$20.18 / 1000 =$	\$23,714.75
Avg. Residential Savings =		\$75.46
Avg. Commercial Increase =		\$2,150.54

## 2 Rates With CIP Increase of 115%:

Avg. Single Family House Value =	$\$838,491 \times \$18.21 / 1000 =$	\$15,268.92
Avg. Commercial Value =	$\$1,175,161 \times \$21.10 / 1000 =$	\$24,795.90
Avg. Residential Savings =		\$117.39
Avg. Commercial Increase =		\$3,231.69

## 2 Rates With CIP Increase of 150%:

Avg. Single Family House Value =	$\$838,491 \times \$17.89 / 1000 =$	\$15,000.60
Avg. Commercial Value =	$\$1,175,161 \times \$27.52 / 1000 =$	\$32,340.43
Avg. Residential Savings =		\$385.71
Avg. Commercial Increase =		\$10,776.23

\*Average values are rounded

# Selection of Open Space Discount

- There are no parcels in Wayland currently classified as open space.
- Open Space is defined in Massachusetts General Law as:  
MGL Chapter 59 Sec 2A(b) “Class two, open-space”, Land which is not otherwise classified and which is not taxable under the provisions of chapters sixty-one, sixty-one A or sixty-one B, or taxable under a permanent conservation restriction, and land not held for the production of income but is maintained in an open or natural condition, which contributes significantly to the benefit and enjoyment of the public”.
- In Wayland, forty (40) parcels participate in the Chapter Land Program under MGL Chapters 61, 61A and 61B, which results in more savings than if they were designated as Open Space.
- Under the Chapter Land program the discount ranges from 75% to 98%.
- The open space discount has a maximum discount of 25%.

# Residential Exemption

- Must be owner-occupied, primary residence to qualify.
- Must apply annually.
- The reduced value remains within the residential levy percent resulting in a higher residential rate.
- All residential properties above a “break-point” value would see an increase in taxes.
- Only 15 of 351 communities adopt a residential exemption:
  - Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Provincetown, Somerville, Tisbury, Truro, Waltham, Watertown, Wellfleet



# Residential Exemption Detail

- Average residential value =  $\$838,491 \times 10\% = \$79,726$  reduction per property.
- Estimate of Eligible properties =  $4,424 \times \$79,726 = \$352,705,858$  value reduced from residential class.
- Total residential value =  $\$34,003,020,148 - \$352,705,858 = \$3,650,314,290$  which is the remaining value in the residential class.
- $\$73,455,420 =$  levy to be borne by residential class.
- $\$73,455,420 / \$3,650,314,290 \times 1000 = \$20.12$ , which would be the residential tax rate if the exemption is adopted.
- All residential properties valued above \$ \_\_\_\_\_ would see an increase in taxes.

# Residential Exemption Examples

Average Value Single Family Property:

With One Rate:  $\$838,491 \times \$18.35 / 1000 = \$15,386.31$

With Residential Exemption:  $\$838,491 - \$79,726 = \$758,765$

Adjusted Value w/Residential Rate:  $\$758,765 \times \$20.12 / 1000 = \$15,266.36$

Tax Savings: \$119.95

Higher Value Single Family Property:

With One Rate:  $\$1,000,000 \times \$18.35 / 1000 = \$18,350.00$

With Residential Exemption:  $\$1,000,000 - \$79,726 = \$920,274$

Adjusted Value w/Residential Rate:  $\$920,274 \times \$20.12 / 1000 = \$18,515.92$

Tax Increase: \$165.92

Lower Value Single Family Property:

With One Rate:  $\$500,000 \times \$18.35 / 1000 = \$9,175.00$

With Residential Exemption:  $\$500,000 - \$79,726 = \$420,274$

Adjusted Value w/Residential Rate:  $\$420,274 \times \$20.12 / 1000 = \$8,455.92$

Tax Savings: \$719.08

# Granting a Small Commercial Exemption

- The Board of Selectmen may adopt a small commercial exemption.
- This exemption is for commercial parcels (property class three) occupied by businesses with an average annual employment of not more than ten people during the previous calendar year and with assessed values of less than one million dollars.
- The intent of the exemption is to give a tax reduction to small commercial property owners at the expense of the larger commercial and industrial parcels.
- Selectmen can choose an exemption that reduces the taxable valuation of each eligible parcel by a percentage of up to 10%.

# Classification Vote Summary

1. Selection of a Minimum Residential Factor
  - A Factor of 1 yields a single rate.
  - A single rate for FY2022 would result in an estimated \$18.35 rate.
2. Vote on whether to adopt a Residential Exemption
  - With a low number of non-owner occupied properties, this shifts a portion of the residential levy from lower-valued residential properties to higher valued properties.
  - Only 15 communities in the Commonwealth have a Residential Exemption.
3. Vote on whether to adopt a Small Commercial Exemption
  - This exemption is for commercial properties valued under \$1 million and occupied by business(s) with less than ten employees.
  - This exemption benefits property owners, typically not small business tenants.
  - This shifts up to 10% of the value of those properties to other commercial and industrial properties.