

**THE GREAT BARRINGTON FIRE DISTRICT
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PRUDENTIAL COMMITTEE

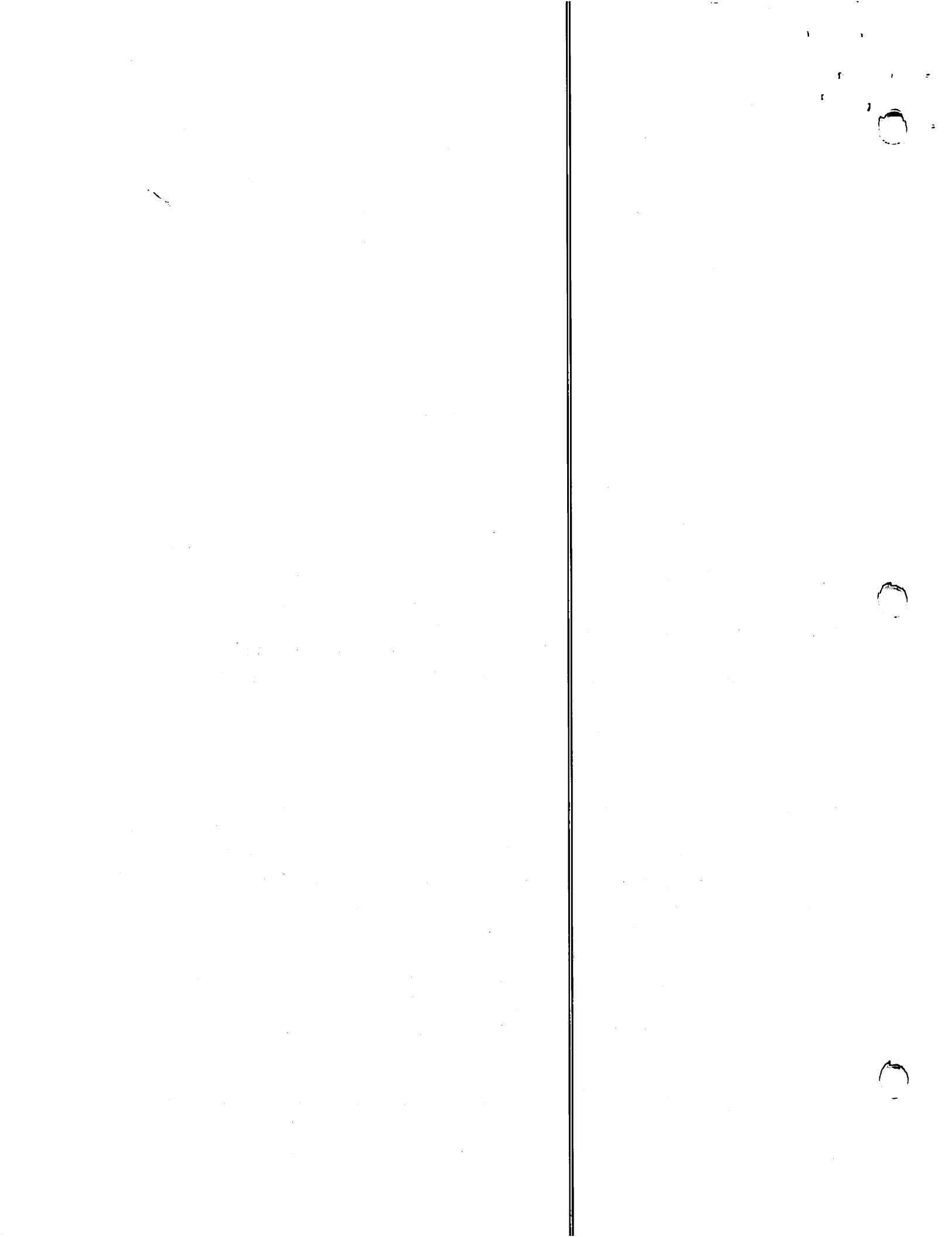
FY2021 Tax Classification Hearing held on September 9, 2020

BACKGROUND: At the Tax Classification Hearing the Prudential Committee of the Great Barrington Fire District shall vote to implement one of a combination of four classification options for distributing the tax levy among district property owners. The options are: 1.) Open Space Discount, 2.) Residential Exemption, 3.) Small Commercial Exemption and 4.) Single or Split Tax Rate. A vote to grant discounts or exemptions to specific property classes will result in a higher tax rate for non-qualifying property owners as the tax burden is shifted away from the exempted recipients. A vote in favor of more than one option will result in different tax rates for different property classes. Regardless of the classification option(s) chosen the amount of the overall tax levy will not change.

Historically, the Prudential Committee has endorsed the single tax rate option providing no exemption or discount to any one particular class of property. Voting a residential factor of 1.00 affirms a single tax rate and the proportionate sharing of the tax levy between all classes of property. Voting a residential factor of less than 1.00 would split the tax rate thereby shifting the tax burden away from the residential class and onto commercial, industrial and personal property owners. Two separate tax rates would be created; one, a lower tax rate for residential and open space ("RO") and another, higher tax rate, for commercial, industrial and personal property owners ("CIP"). Land enrolled in Ch. 61A or 61B would be subject to the higher tax rate as it would be classified as commercial.

Open Space Discount

Open Space is defined as land maintained in an open or natural condition and must contribute significantly to the benefit and enjoyment of the public. This classification may not include land taxable under the provisions of Chapter 61,



61A or 61B land under a permanent conservation restriction or land held for the production of income. The Open Space Discount is up to 25% of the selected residential factor. By discounting a certain percentage of value attributable to Open Space the tax levy burden is shifted onto residential rate payers thereby increasing their tax rate. Presently, there are no lands classified as Open Space because those who might benefit receive greater discount by enrolling in Chapter Lands.

Residential Exemption

The Residential Exemption grants an exemption to property that is the principal residence or domicile of a taxpayer. The exemption amount cannot exceed 20% of the average assessed value of all residential class properties. Granting the exemption increases the residential tax rate as it shifts the tax burden, within the entire residential class, away from lower valued owner-occupied dwellings to multi-family properties, apartment buildings, vacant land and non-domiciled property owners. Properties that are valued less than the breakeven will pay fewer taxes while those assessed higher will pay more. Currently, only fourteen of 351 Massachusetts communities grant Residential Exemptions. These communities tend to have a large number of apartment buildings (Boston, Brookline, Cambridge, Chelsea) or a disproportionately large number of second homes (Cape Cod & the Islands communities).

Small Commercial Exemptions

The Small Commercial Exemptions may be applied to certain commercial properties whose assessment is less than \$1,000,000 and occupied by a business or businesses certified by the Department of Employment & Training as having no more than an average of ten employees in the previous year. If there is more than one business located within the property all must meet the requirements to qualify. If adopted, up to 10% of the assessed value of the eligible property would be exempt. The owner of the property is the direct beneficiary of the tax savings and is not required to pass any savings onto the tenants. The total gross value of the Small Commercial Exemption is redistributed to the non-qualifying commercial property owners in the form of a higher tax rate.

Single or Split Tax Rate

Adopting a *Single Tax Rate* requires the Prudential Committee vote to maintain a residential factor of 1.00. A Single Tax Rate allows for all classes of property to pay their fair share of the tax levy with no advantage or additional burden melted out to any one particular property class. A Split Tax Rate requires the Prudential Committee vote a residential factor of less than 1.00. The minimum residential factor for the Fire District as set by the Department of Revenue is .755853 and allows for a "CIP" shift of 150.

NOTABLES FOR FISCAL YEAR 2021

Levy \$591,657.03 The total amount of money to be raised through taxation for FY'2021 is \$591,657.03. The FY'21 levy decreased by \$235,454.10 from \$827,111.13 in FY'20 to \$591,657.03

Tax Rate ¢0.75 The tax rate is calculated by dividing the Fire District's proposed FY'21 tax levy by the total value of all district taxable property, multiplied by 1000 or, $\$591,657.03 \div \$788,876,038. = 0.00075 \times 1000 = \text{¢}0.75$. This is a decrease of ¢0.29 from last year's rate of ¢1.04.

Average Single Family Home Value \$400,508 The average single family home value within the Fire District increased \$1,754 from \$398,754 in FY'20 to \$400,508. The value increase and the levy decrease will result in the average single-family Fire District home experiencing a decrease of their FY'21 fire district tax bill of \$114 from \$415 to \$301.

Average Commercial Property Value \$803,825 The average FY'21 commercial property value decreased \$344 from \$804,169 in FY'20 to \$803,825. The average commercial bill will decrease \$233 from \$836 FY'20 to \$603.

Levy \$591,657.03 a decrease of \$235,454.10

<u>FY</u>	<u>Levy</u>	<u>Change from prior year</u>
2021	\$591,657.03	decrease \$235,454.10
2020	\$827,111.13	increase \$48,972.38
2019	\$778,138.75	decrease \$36,728.87
2018	\$814,867.62	increase \$1,229.62
2017	\$813,638.00	increase \$180,756.83
2016	\$632,881.17	increase \$35,949.16
2015	\$596,932.01	increase \$123,231.78

Tax Rate

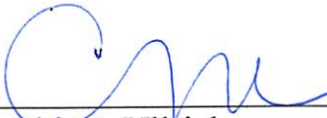
The tax rate is calculated by dividing the levy (\$591,657.03) by the total taxable fire district property \$788,876,038.00 X 1,000. This yields a tax rate of .75¢ a decrease of .29¢ from last year.

<u>FY</u>	<u>Tax Rate</u>	<u>Change from prior year</u>
2021	.75¢	-.29¢
2020	\$1.04	+.06¢
2019	.99¢	-.10¢
2018	\$1.09	-.01¢
2017	\$1.10	+.21¢
2016	.89¢	+.14¢
2015	.85¢	+.15¢

NEXT STEPS/TIME FRAME: Vote the tax classification at the Classification Hearing held Wednesday, September 9, 2020 which will allow the first half FY'21 tax bills sent on or before October 1, 2020.

RECOMMENDATION: A single tax rate of ¢0.75 per \$1,000 of valuation for all classes of property for FY 2020.

PREPARED BY:


Cynthia J. Ullrich
District Clerk

DATE: Sept 9, 20

