

THE PROCESS TO SET THE TAX RATE – FISCAL YEAR 2010

The Bureau of Local Assessment of the Department of Revenue for the Commonwealth of Massachusetts provides detailed guidelines to assist assessors to plan and perform a reassessment program necessary to achieve full and fair cash value assessments, in accordance with the requirements of Massachusetts General Laws, Chapter 40, Section 56 and Chapter 58, Sections 1, 1A and 3.

The Town of Norfolk completed a recertification of values as required by the Department of Revenue and received preliminary approval of those values. The Fiscal Year 2010 values are based on the value of property on January 1, 2009 and were developed based on calendar year 2008 sales and on income and expense information received from commercial and industrial properties.

A public disclosure advertisement was published in the Norfolk Boomerang on December 25, 2009 and in the Sun Chronicle on December 26, 2009 advising Norfolk property owners that the proposed values were available for review at Town Hall and the Library during normal business hours from December 28, 2009 to January 8, 2010 and were on the town's website at www.town.norfolk.ma.us under the assessor's page listed as 2010 Proposed Values.

It was suggested that any taxpayer who was concerned with the accuracy of the valuation of their property should visit or call (508 528-1120) the staff at the Assessor's office.

At the end of the public disclosure period, we requested and received final certification of the assessed values from the Department of Revenue.

There are many reasons, even in the current economic climate, why a property assessment may increase or decrease in value. These might include additions, certain topographical conditions to the site like a location below street grade or ledge or wetlands, change to the land value or the lot size or the cost of construction or the depreciation tables, change to the information on the property record card, conservation restriction, deed restriction, demolition, fire damage, land that has no access and is not build able, location on the water, renovations, vacant site with new construction that is now a finished condominium or single family house or commercial or industrial building or change in the income and expense information on commercial and industrial properties. Any of these reasons or a combination of these reasons on any individual property would explain why a property assessment may actually increase or decrease more than or less than the 2.5% allowed each year by Proposition 21/2.

The responsibility of the Assessor is to fairly value all of the property in Town. The Assessor does not set the tax rate. The tax rate is determined each year as a result of the amount of money the town residents decide to spend at Town Meeting. Norfolk has an Open Town Meeting Form of Government where all the residents can participate in the democratic process within the guidelines published in the Town Meeting Handbook. The residents are directly responsible for any increase or decrease in the total amount of spending and therefore any increase or decrease in the tax rate. The residents choose what services they would like the town to provide and determine whether or not they can afford those services. It's analogous to planning a family budget. *So in effect the residents of Norfolk that participate in the Town Meeting process actually set the tax rate.*

Let's use the budget for Fiscal Year 2010 as an example. The budget approved at Town Meeting (the Annual Town Meeting on May 12 and 13, 2009, the Special Town Meeting on June 16, 2009, the Fall Town Meeting on November 10, 2009 and the Special Town Meeting on January 12, 2010) provides the following information –

Fiscal Year 2010 Budget

| | |
|--|-----------------|
| Total Amount To Be Raised * | \$32,626,042.13 |
| Less Total Estimated Receipts and Other Revenue Sources ** | \$11,504,123.55 |
| Tax Levy *** | \$21,121,918.58 |

* This is the amount of money necessary to operate the town and includes items like ambulance service, benefits and salaries for municipal employees, building and liability insurance, facilities management, human services, IT services, King Philip Regional School, library, Norfolk Elementary Schools, police and fire protection, snow removal, state assessments, Town Counsel, town elections, town reports, transfer station and vehicle maintenance.

** This is the amount of money received and includes items like ambulance fees, Chapter 70 education funds, charges for licenses and permits, fines and forfeits, inspection fees, investment income, local aid, lottery receipts, motor vehicle excise taxes, other departmental revenue, payments in lieu of taxes, payment for state owned land, payment for exemptions, state aid, transfer station revenue and water fees.

*** This is the total amount of money that remains to be raised from taxes.

The tax rate is then calculated by the following equation -

| | |
|---|-----------------|
| Tax Levy | \$21,121,918.58 |
| Divided By the Real and Personal Property Total Value of the Town for Fiscal Year 2010 | \$1,501,202,458 |
| Times 1000 Equals the Tax Rate | \$14.07 |

The tax rate is then certified by the Department of Revenue.

The following chart compares Norfolk to some other similar or surrounding communities:

| <u>Town</u> | Residential Tax Rate Fiscal Year 2009 | Residential Tax Rate Fiscal Year 2010 |
|----------------|--|--|
| Foxborough | \$10.91 | ??? |
| Franklin | \$11.17 | \$12.03 |
| Holliston | \$15.46 | ??? |
| Hopedale* | \$12.69 | \$13.52 |
| Hopkinton | \$15.03 | \$15.76 |
| Medfield | \$13.85 | \$14.24 |
| Medway | \$15.12 | \$16.29 |
| Mendon | \$11.66 | \$12.47 |
| Millis | \$13.43 | ??? |
| Norfolk | \$13.87 | \$14.07 |
| Sharon | \$17.72 | ??? |
| Southborough | \$14.16 | \$14.06 |
| Walpole* | \$11.67 | \$12.64 |
| Wrentham* | \$12.22 | ??? |

*Communities with Split Tax Rate

While the taxes in Norfolk might be higher than the taxes on a similar style and size single-family home in Foxborough or Franklin or Walpole, there are also different characteristics and demographics between Norfolk and those towns. Franklin for example has a larger population, a broader tax base and much more commercial and industrial type properties that all contribute to the total tax revenue. Perhaps the better comparisons to Norfolk might be Holliston or Hopkinton or Medfield or Medway or Millis? And the unfortunate part of the equation is that if the total valuation of all of the property in the town was in fact lower, then the tax rate would need to be even higher to raise the necessary amount of money that the town needs to operate.

A homeowner who is concerned with the accuracy of the valuation of their property might read the article entitled “**Procedure for Real Estate Tax Abatement**” that explains the process to follow to file for an abatement. This article is available at Town hall and is posted on the website. Remember that the assessed value represents the value of the property on *January 1, 2009* and not the current value of the property.