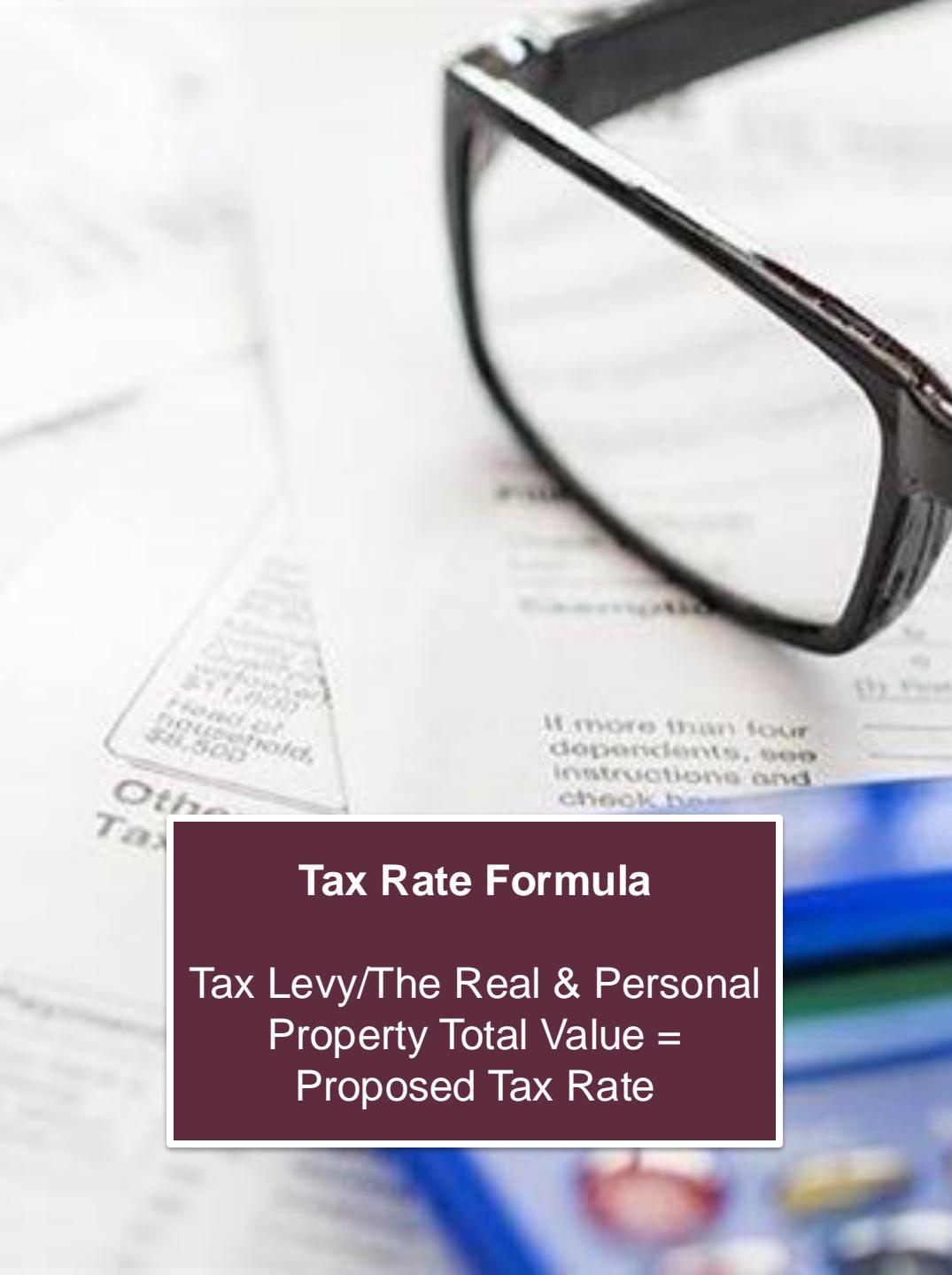




# TOWN OF LUNENBURG

FY2025 TAX CLASSIFICATION HEARING  
November 19, 2024



# ROLE OF THE ASSESSORS

## Who Determines the Tax Rate?

- The Board of Assessors does not set the tax rate.
- Residents who attend the Annual Town Meeting decide what services the Town of Lunenburg provides. This determines how much the town will spend. These decisions impact the tax rate.
- The tax rate is determined each year by the Levy and Real and Personal Property Total Values.
- The role of the Board of Assessors is to value property for the purpose of equitable taxation based on Fair Market Value by what sales have taken place for the prior calendar year.
- FY2025 valuations were based on CY2023 sales and CY2022 sales were utilized when classes of properties had limited sales. This was done in accordance with state guidelines and reviewed by the Massachusetts Department of Revenue.

### Tax Rate Formula

Tax Levy/The Real & Personal  
Property Total Value =  
Proposed Tax Rate

# FISCAL YEAR 2025 TAX CLASSIFICATION HEARING

- The purpose of our tax classification hearing this evening is to adopt a residential factor and decide on whether or not to adopt:
  1. A Residential Exemption
  2. An Open Space Discount
  3. A Small Commercial Exemption
- There are 5 classes of property with the Department of Revenue:
  - Residential
  - Open Space
  - Commercial
  - Industrial
  - Personal Property
- There is no open space classification of property in Lunenburg that is designated by the Department of Revenue.



# COMMONLY USED TERMS

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**NEW GROWTH:** Additions to the tax base from new constructions and property improvements. It allows the levy to be increased to cover additional services resulting from new construction.

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**LEVY:** Revenue raised through property taxes.

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**LEVY LIMIT:** Maximum dollar amount a town can raise in a fiscal year. (Prior years levy + 2 ½% + New Growth + Debt Exclusion).

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**EXCESS LEVY CAPACITY:** Difference between the levy and the levy limit.

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**DEBT EXCLUSION :** A temporary increase to the levy to pay for capital projects as voted.

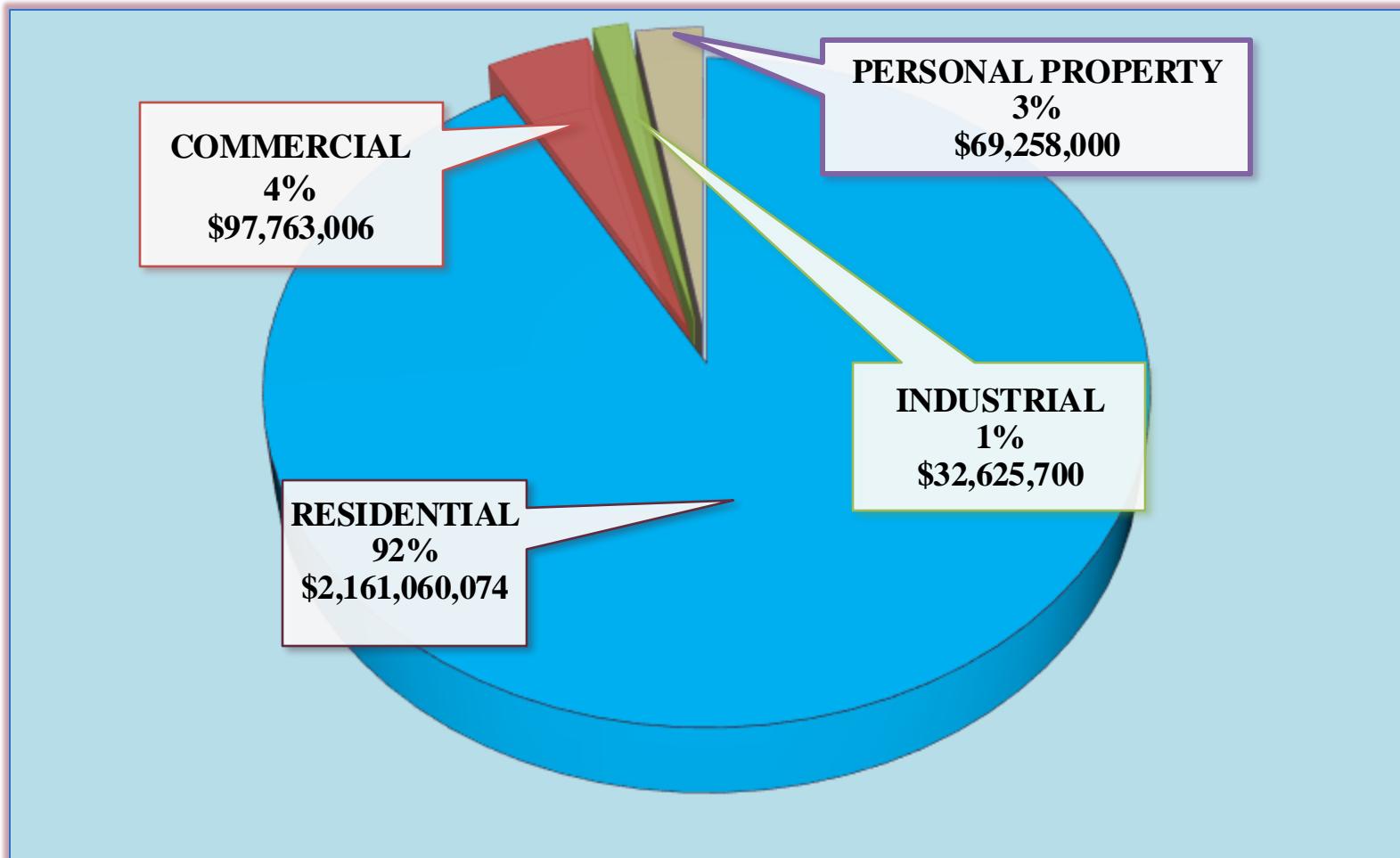
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**CIP & CPI SHIFT:** CIP are the classes that include Commercial, Industrial & Personal Property. The CIP Shift is a factor determined by the Select Board if there is a shift of tax burden to CIP classes.

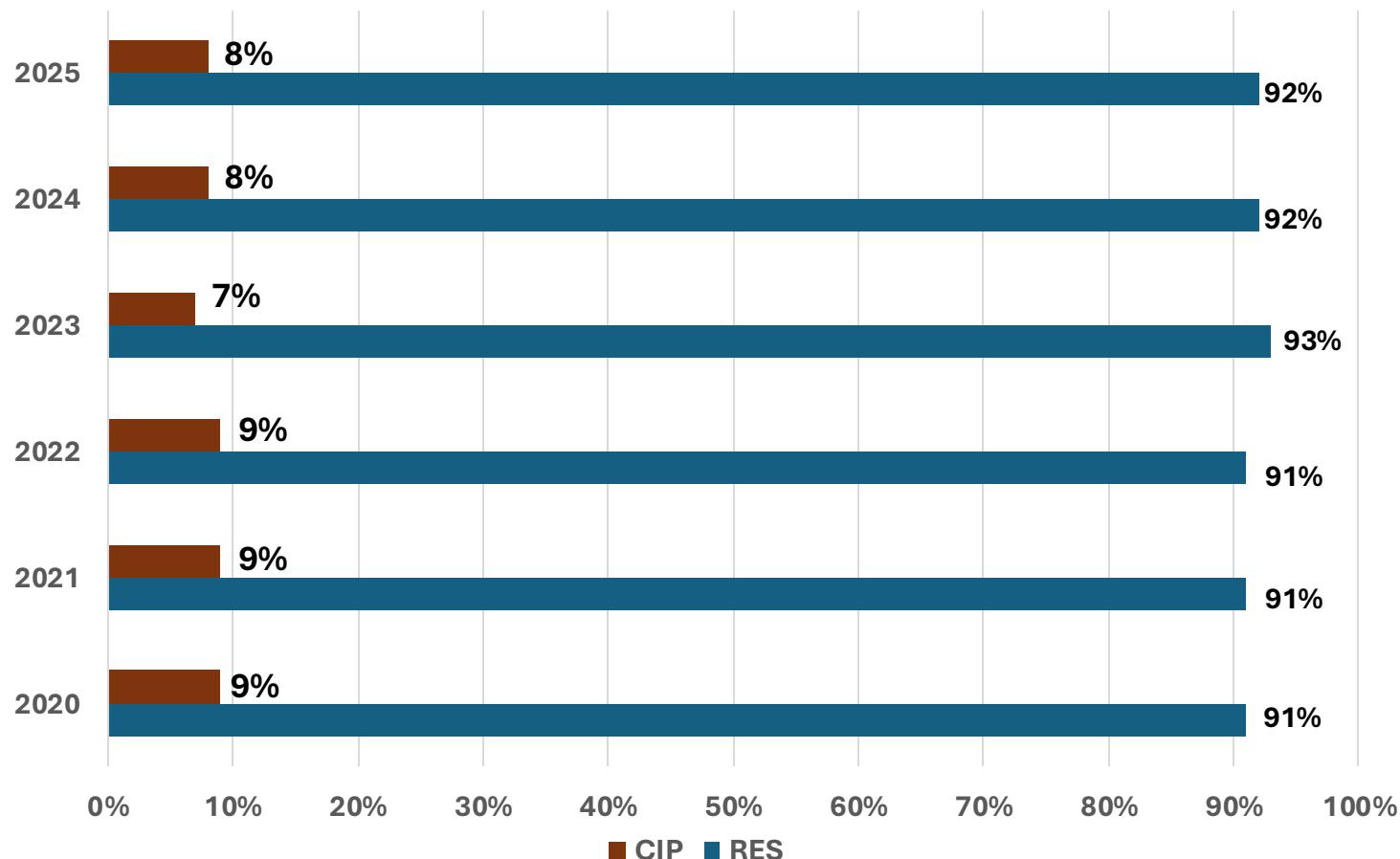
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**MINIMUM RESIDENTIAL FACTOR:** The factor represents the minimum percentage the Residential Class must pay if there is a CIP shift of tax burden. A residential factor of 1.0 is no shift of the tax burden to the CIP classes.

# FY2025 REAL AND PERSONAL PROPERTY VALUES



# FY2025 VALUATION PERCENTAGES





# FY2025 VALUATION SUMMARY

<u>Class</u>	<u>Valuation</u>	<u>% of Total Value</u>
Residential	\$2,161,060,074	92%
Commercial	\$97,763,006	4%
Industrial	\$32,625,700	1%
Personal Property	\$69,258,000	3%
Total Valuation	\$2,360,706,780	100%

FY2024 Total Value    \$2,242,686,580  
% Change                    5% 

<u>Property Type</u>	<u>FY2025</u>	<u>FY2024</u>	<u>%</u>
Avg. Single Family Value	\$504,937	\$481,417	5%
Avg. Com/Ind Value	\$435,910	\$404,408	7.7%

# FY2024 CLASSIFICATION DATA

<u>Class</u>	<u>Valuation</u>	<u>%</u>	<u>Tax Rate</u>
Residential	\$2,057,467,522	92.0%	\$14.10
CIP	<u>\$185,219,058</u>	<u>8.0%</u>	\$14.10
Totals:	\$2,242,686,580	100%	

- Single Tax Rate \$14.10
- \* CIP Shift Factor 1.0

Select Board  
Vote  
03/12/2024





# FY2025 TAX LEVY SUMMARY

**\*ESTIMATED  
LEVY**

FY2024 Levy Limit	\$29,375,036 +
Increased 2.5%	\$734,797 +
FY2025 Growth + Amended	\$527,289 + \$16,850
FY2025 Debt Exclusions	\$2,313,898 +
Override	\$948,136
FY2025 Tax Levy	= \$33,916,006

<b>TAX LEVY SUMMARY</b>	
FY2025 Tax Levy	\$33,916,006 -
FY2024 Tax Levy	\$29,375,036
Change (\$)	= \$4,540,970
Levy Change (%)	15% 

# ESTIMATED FY2025 SINGLE TAX RATE

FY2025 Tax Levy

\$33,916,006

FY2025 Valuation

\$2,360,706,780  $\times$  1,000 = \$14.37

Single Tax Rate 2025

\$14.37

Single Tax Rate 2024

\$14.10

% Change

+1.9%

The average single family tax bill for a \$504,937 home would be \$7,255.18 at the tax rate of \$14.37 per thousand.

# FY2025 ESTIMATED TAX RATES

## HOW WILL A SPLIT TAX RATE IMPACT LUNENBURG?

CIP SHIFT	RES. FACTOR	RES. TAX RATE	TAX BILL FOR RESIDENTIAL PROPERTY			COMMERCIAL TAX RATE	TAX BILL FOR COMMERCIAL PROPERTY			
			SINGLE FAMILY PROPERTY VALUATIONS				COMMERCIAL PROPERTY VALUATIONS			
			\$325,000	\$600,000	\$1,250,000		\$325,000	\$600,000	\$1,250,000	
1.00	1.00	14.37	\$4,670.25	\$8,622.00	\$17,962.50	14.37	\$4,670.25	\$8,622.00	\$17,962.50	
1.15	0.9861	14.17	\$4,605.25	\$8,502.00	\$17,712.50	16.52	\$5,369.00	\$9,912.00	\$20,650.00	
1.30	0.9723	13.97	\$4,540.25	\$8,382.00	\$17,462.50	18.68	\$6,071.00	\$11,208.00	\$23,350.00	
1.50	0.9584	13.77	\$4,475.25	\$8,262.00	\$17,212.50	20.83	\$6,769.75	\$12,498.00	\$26,037.50	

- There are 112 communities of the 352 communities in MA with split tax rates.
- Of the 112 communities, only 7 communities (6.25%) have split tax rates with CIP of 10% or less and these are mostly wealthy communities such as Lincoln, Milton, Sudbury, Reading, Gloucester, Melrose and Stockbridge.

# FISCAL YEAR TAX RATE HISTORY

FISCAL YEAR	RESIDENTIAL TAX RATE	CIP TAX RATE
2025*	\$14.37	\$14.37
2024	\$14.10	\$14.10
2023	\$14.62	\$14.62
2022	\$17.19	\$17.19
2021	\$17.74	\$17.74

\*2025 Estimated/Proposed Split  
Tax Rates

# RESIDENTIAL EXEMPTION

## ❖ What is a Residential Exemption?

- The exemption shifts the tax burden within the residential class from owners of moderately valued residential homes to homes of higher residential values and non-owner occupied residences, including apartments and vacant lands.

## ❖ Select Board:

- The Select Board may adopt a discount of up to 35% of the average residential valuation.
- Adopting a residential exemption increases the residential tax rate. This higher rate creates a shift that reduces the taxes paid by homeowners with moderately valued properties. Then the shift of taxes is then paid by owners of rental properties, vacation homes and higher valued homes.

## ❖ Residential Exemption Communities:

- Large cities or towns with many non-owner-occupied properties like apartment buildings: Boston, Cambridge, Brookline, Somerville..
- Resort communities with many seasonal residents: Barnstable, Nantucket, Provincetown, Wellfleet.
- ***THERE IS CURRENTLY NO RESIDENTIAL EXEMPTION IN LUNENBURG.***



# OPEN SPACE DISCOUNT

## ❖ Select Board:

- The Select Board may discount up to 25% of the open space percentage share of the tax levy.

## ❖ What is Open Space?

- Land maintained in an open or natural condition which contributes significantly to the benefit and enjoyment of the public.

## ❖ Exclusions:

- Land taxable under the provisions of chapter land.
- Land under a permanent conservation restriction.
- Land held for the production of income.
- ***THERE IS CURRENTLY NO DESIGNATED OPEN SPACE IN LUNENBURG.***



# SMALL COMMERCIAL EXEMPTION

## ❖ **Select Board:**

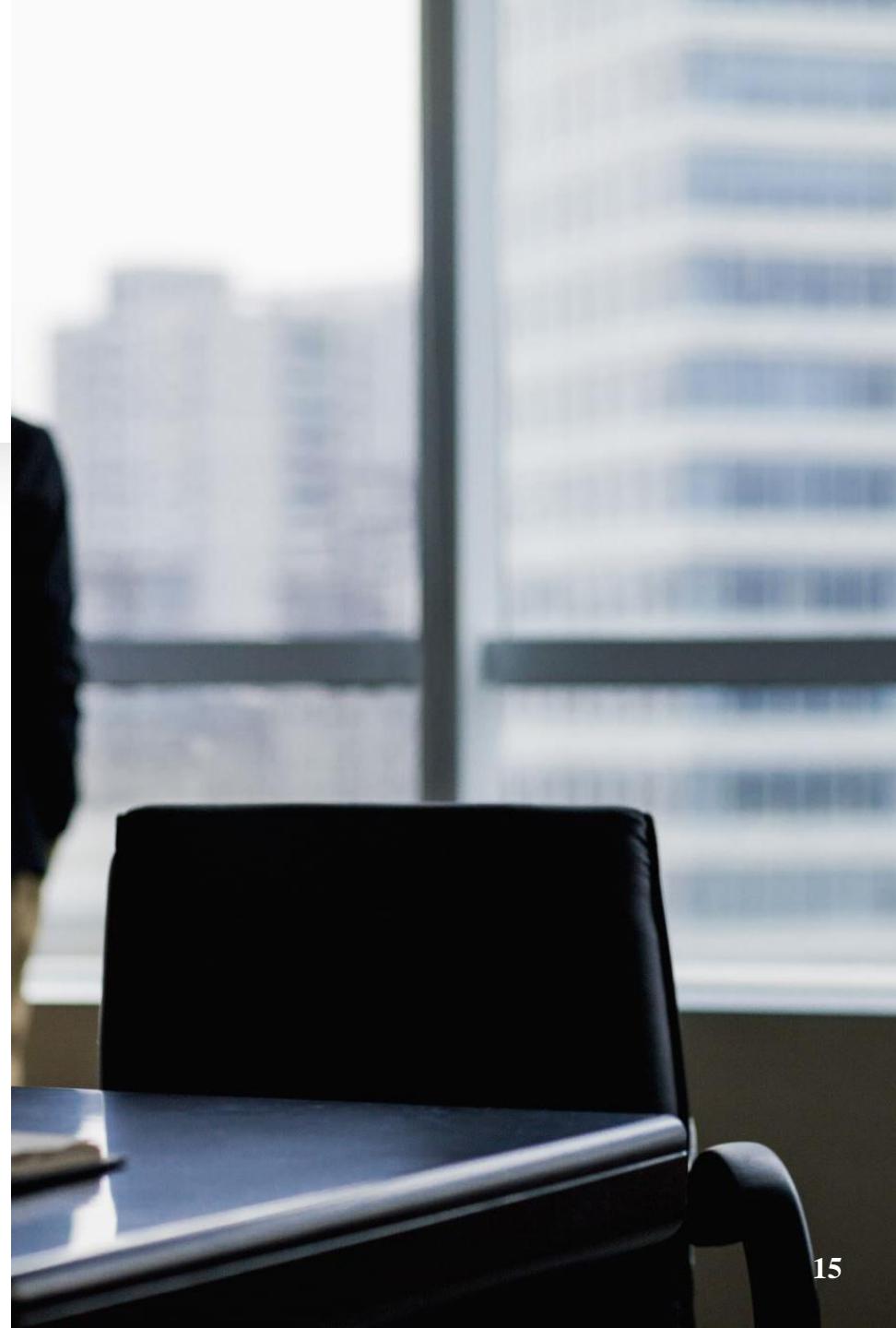
- The Select Board may adopt an exemption of up to 10% of the value of eligible parcels

## ❖ **What is a Small Commercial Exemption?**

- Designed to provide tax relief for small businesses that own real estate ONLY, and leased small businesses do not receive this tax benefit. Every small business that does not qualify would pay the higher tax.
- The tax burden is shifted within the C&I class.

## ❖ **Qualifying criteria:**

- Eligible properties must be included on the list provided annually to the Assessors by the Department of Labor and Workforce Development.
- Qualifying properties must have a valuation of less than one million dollars and an average annual employment of 10 or fewer employees.
- LUNENBURG HAS NOT ADOPTED THE SMALL COMMERCIAL EXEMPTION TO DATE.



# RECOMMENDATION BY THE BOARD OF ASSESSORS

- The Board of Assessors recommends a single tax rate  
AND
- Does not recommend adopting :
  1. A Residential Exemption
  2. An Open Space Discount
  3. A Small Commercial Exemption



**Any questions? Contact [lmcquade@lunenburgma.gov](mailto:lmcquade@lunenburgma.gov)**  
**Thank You! Lunenburg Board of Assessors**