



CITY OF LAWRENCE

FISCAL YEAR 2023 TAX CLASSIFICATION PUBLIC HEARING Presentation **Budget and Finance Committee**

Thursday, October 27, 2022

PRESENTED BY THE
Alexcy Vega, MAA-Chief Assessor
BOARD OF ASSESSORS



INTRODUCTION

These materials have been prepared by the Board of Assessors (BOA) to assist City Councilors plan and carry out the Classification Hearing necessary for certification of the Fiscal year 2023 (FY2023) tax rates.

The BOA will provide information and data relevant to making a logical determination of the Classification Factor.

The Commissioner of the Department of Revenue (DOR) supervises the implementation of the property tax classification. Municipalities that are certified by the DOR as assessing property at full and fair cash value may elect to shift the tax burden among the major property classes within certain limits established by law.

There are 110 communities in the Massachusetts with split tax rates. The City of Lawrence has had split tax rates since fiscal year 1982.



Purpose

The purpose of the Public Classification Hearing is for the City Council to determine the allocation of the Fiscal Year 2023 tax levy to be paid by residential property taxpayers; the difference is shifted to commercial, industrial and personal property (C.I.P.) taxpayers.

In order to determine the allocation, the City Council must adopt a residential factor. This factor is used by the Board of Assessors to determine the percentage of the tax levy to apply to the individual property class.

The adopted factor affects the property class of taxpayers that will pay their share of the total amount of property tax. The maximum allowable tax shift is 1.75.

The Classification does not raise additional dollars from the property tax.

Assessment Date and Assessed Value Adjustments



An interim year reassessment of all taxable property was recently conducted in the City of Lawrence. A statistical analysis of all sales transactions during the calendar year 2021 was the basis for the reassessment of all properties. Based on the reassessment results, the total taxable property valuation for the City of Lawrence is \$6,865,015,422 an overall increase of 16.9% from last year's total taxable valuation of \$5,874,453,622.

The assessed values increased for each class of property as follows: Residential 18.7%, Commercial 7.8%, Industrial 17.6%, and Personal Property 3.7%.

The average single-family assessed value in FY2023 is \$375,300, this is a 17.6 % increase from the average single-family assessment of \$319,000 in FY2022. In FY2020 the average value was \$281,800.

The median sales price for all residential properties continued to rise in FY23.

3 Year Property Value Comparison Report (FY2021 to FY2023)



		Assessed Value %	
Fiscal Year and Description	Assessed Values	Difference	
Residential Property Value FY 2021	\$ 4,204,809,860	8.7 %	
Residential Property Value FY 2022	\$ 4,774,078,671	13.5 %	
Residential Property Value FY 2023	\$5,664,580,302	18.7 %	
Commercial Property Value FY 2021	\$ 428,749,159	3.7 %	
Commercial Property Value FY 2022	\$ 476,772,165	11.2 %	
Commercial Property Value FY 2023	\$ 514,146,379	7.8 %	
Industrial Property Value FY 2021	\$ 276,015,573	1.1%	
Industrial Property Value FY 2022	\$ 286,076,096	3.6 %	
Industrial Property Value FY 2023	\$ 336,377,951	17.6 %	
Personal Property Value FY 2021	\$ 341,465,320	20.0%	
Personal Property Value FY 2022	\$ 337,526,690	-1.2 %	
Personal Property Value FY 2023	\$ 349,910,790	3.70 %	
			Tax Levy \$
TOTAL TAXABLE VALUE FY 2021	\$ 5,251,039,912	8.5%	\$79,203,028
TOTAL TAXABLE VALUE FY 2022	\$ 5,874,453,622	11.9 %	\$81,255,537
TOTAL TAXABLE VALUE FY 2023	\$ 6,865,015,422	16.9 %	\$82,596,855



WHAT ARE THE LEVY, LEVY LIMIT AND PROPOSITION 2 1/2?

The tax **levy** is the amount the City raises each year through property taxes. The levy amount is determined by the budget. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised by property taxation. The **levy limit** is the maximum amount the City can levy in any given year. The levy limit can grow each year by 2 ½ percent of the prior year's levy limit plus new growth revenue. **Proposition 2 ½** was adopted by MA voters in 1980. Its primary feature relates to the amount of property taxes the city can raise each year. **It does not apply to an individual tax bill.** The FY2023, prop. 2 ½ tax levy limitation is **\$2,243,502**. Levy Limit calculation is referenced on page 10.

WHAT IS ALLOWABLE NEW GROWTH?

New Growth is a calculation of the net increase in property values due to construction activity, new buildings, additions, new personal property accounts, or new equipment on existing accounts and utility values. New growth can be added to the City's levy limit as defined by Proposition 2 1/2 thereby increasing the City's taxing capacity. Assessors must submit documentation of new growth to the Bureau of Local Assessment annually and receive approval prior to setting the tax rates.

FY 2023 CERTIFIED NEW GROWTH TOTALS

PROPERTY CLASS	NEW GROWTH VALUE	FY2022 TAX RATES	FY23 NEW GROWTH
RESIDENTIAL	\$40,606,600	\$11.44	\$464,540
COMM & INDUSTRIAL	\$12,556,100	\$24.21	\$303,983
PERSONAL PROPERTY	\$41,660,160	\$24.21	\$1,008,592
TOTAL REAL & PERSONAL	\$94,822,860		

\$ 1,777,115



FISCAL YEAR 2013-2023 – TAX BASE LEVY GROWTH COMPARISON

	RESIDENTIAL NEW GROWTH	COMM & IND NEW GROWTH	PERSONAL PROPERTY NEW GROWTH	TAX LEVY GROWTH
FY2013	\$241,076	\$ 312,283	\$ 615,187	\$ 1,168,546
FY2014	\$ 228,230	\$ 334,971	\$ 693,084	\$ 1,256,285
FY2015	\$ 209,439	\$ 278,643	\$ 1,171,178	\$ 1,659,260
FY2016	\$ 408,766	\$ 363,099	\$ 870,767	\$ 1,642,632
FY2017	\$ 425,539	\$ 294,971	\$ 1,163,219	\$ 1,883,729
FY2018	\$ 408,753	\$ 371,976	\$ 968,487	\$ 1,749,216
FY2019	\$471,937	\$320,306	\$ 881,995	\$ 1,674,238
FY2020	\$ 666,165	\$ 552,481	\$ 3,062,563	\$ 4,281,209
FY2021	\$ 580,181	\$ 362,880	\$ 2,131,416	\$ 3,074,477
FY2022	\$ 486,204	\$ 709,666	\$ 1,030,886	\$ 2,226,756
FY2023	\$ 464,540	\$ 303,983	\$ 1,008,592	\$ 1,777,115

SINGLE TAX RATE FISCAL YEAR 2016-2023



TAX YEAR	RESIDENTIAL VALUE	COMMERCIAL VALUE	INDUSTRIAL VALUE	PERSONAL PROP. VALUE	TOTAL VALUE	Single TAX RATE
FY2016	2,492,054,181	312,789,439	216,927,700	170,163,010	3,191,934,330	\$ 19.51
FY2017	2,683,174,883	316,439,761	221,164,776	180,736,940	3,401,516,360	\$ 19.19
FY2018	3,048,638,916	340,704,119	233,750,985	184,600,610	3,807,694,630	\$ 17.61
FY2019	3,414,961,004	362,786,435	247,713,153	194,571,550	4,220,032,142	\$ 16.62
FY2020	3,870,441,611	413,588,010	273,411,912	284,846,550	4,842,021,083	\$ 15.31
FY2021	4,204,809,860	428,749,159	276,015,573	341,465,320	5,251,039,912	\$ 15.10
FY2022	4,774,078,671	476,772,165	286,076,096	337,526,690	5,874,463,622	\$ 13.87
FY2023	5,664,580,302	514,146,379	336,377,951	349,910,790	6,865,015,422	\$ 12.03

City of Lawrence

Historical Tax Information



FISCAL YEAR	TOTAL VALUE	RESIDENTIAL VALUE	C.I.P VALUE	RESIDENTIAL SHARE	TOTAL TAX LEVY	TAX SHIFT	RE RATE	C.I.P. RATE
2004	2,116,036,620	1,661,731,335	454,305,285	62.42	32,046,335	1.75	\$12.04	\$26.50
2005	2,874,348,580	2,408,226,951	466,121,629	68.05	34,327,643	1.97	\$9.70	\$23.53
2006	3,385,768,450	2,845,514,908	540,253,542	69.68	36,183,811	1.90	\$8.86	\$20.31
2007	3,581,359,940	3,024,915,221	556,444,719	71.57	39,015,475	1.83	\$9.23	\$19.94
2008	3,653,177,420	3,054,331,722	598,845,698	71.31	42,874,151	1.75	\$10.01	\$20.54
2009	3,482,154,660	2,831,666,497	650,488,163	67.30	45,012,873	1.75	\$10.70	\$22.62
2010	2,979,929,390	2,331,181,389	648,748,001	61.91	47,338,144	1.75	\$12.57	\$27.80
2011	2,854,221,570	2,193,228,846	660,992,724	59.47	49,599,716	1.75	\$13.45	\$30.41
2012	2,841,966,060	2,177,269,713	664,696,347	59.53	52,257,175	1.73	\$14.29	\$31.81
2013	2,819,353,620	2,151,293,326	668,060,294	59.24	54,761,397	1.72	\$15.08	\$33.41
2014	2,915,720,930	2,255,448,267	660,272,663	61.28	57,458,736	1.71	\$15.61	\$33.70
2015	3,115,348,560	2,423,331,973	692,016,587	62.01	59,082,877	1.71	\$15.12	\$32.43
2016	3,191,934,330	2,492,054,181	699,340,149	62.07	62,272,715	1.73	\$15.51	\$33.75
2017	3,401,516,360	2,683,174,883	718,341,477	63.04	65,288,992	1.75	\$15.34	\$33.59
2018	3,807,694,630	3,048,638,916	759,055,714	65.11	67,050,606	1.75	\$14.32	\$30.82
2019	4,220,032,142	3,414,961,004	805,071,138	66.62	70,120,084	1.75	\$13.68	\$29.07
2020	4,840,037,513	3,868,950,211	971,579,472	64.88	74,116,190	1.75	\$12.43	\$26.80
2021	5,251,039,912	4,204,809,860	1,046,230,052	65.13	79,203,028	1.75	\$12.27	\$26.39
2022	5,874,453,622	4,774,078,671	1,100,374,951	67.22	81,502,349	1.75	\$11.48	\$24.28
2023	6,865,015,422	5,664,580,302	1,200,435,120	82.51	82,596,855	1.75	\$10.12	\$21.06

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
FISCAL 2023 TAX LEVY LIMITATION FOR
LAWRENCE
FOR BUDGET PLANNING PURPOSES



I. TO CALCULATE THE FY2022 LEVY LIMIT

A. FY2021 Levy Limit	85,338,536	
A1. ADD Amended FY2020 Growth	0	
B. ADD (IA + IA1) X 2.5%	2,133,463	
C. ADD FY2022 New Growth	2,226,756	
C1. ADD FY2022 New Growth Adjustment	0	
D. ADD FY2022 Override	0	
E. FY2022 Subtotal	89,698,755	I. \$ 89,698,755
F. FY2022 Levy Ceiling	146,861,341	FY 2022 Levy Limit

II. TO CALCULATE THE FY2023 LEVY LIMIT

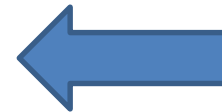
A. FY2022 Levy Limit from I.	89,698,755	
A1. ADD Amended FY2022 Growth	41,318	
B. ADD (IIA + IIA1) X 2.5%	2,243,502	
C. ADD FY2023 New Growth	1,777,115	
C1. ADD FY2023 New Growth Adjustment	0	
D. ADD FY2023 Override	0	
E. FY2023 Subtotal	93,760,690	
F. FY2023 Levy Ceiling	171,625,386	II. \$ 93,760,690
		FY 2023 Levy Limit

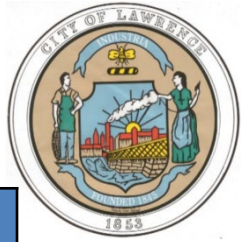
FY2023 Levy Amount \$82,596,855

Excess Levy Capacity Various Years

	FY2023	\$ 11,163,835
FY2022		\$ 8,268,972
FY2021		\$ 6,135,508
FY2020		\$ 6,133,660
FY2019		\$ 3,987,223
FY2018		\$ 3,610,771
FY2017		\$ 1,921,878
FY2016		\$ 1,439,059
FY2015		\$ 1,472,382

How is levy limit calculated?
Total levy is calculated as follows:
Last Year's Levy Limit
+ Prop 2 ½ % allowed
+ Certified New Growth
= Current year levy limit
(beginning value for next year's calculation)
= Total Levy Limit





AVERAGE SINGLE FAMILY TAX BILL FY2005-2023

Fiscal Year	Total Single Assessed Valuation	Parcel Count	Average Value	Tax Rate	Average Single Family Tax Bill
2005	\$ 807,225,200	4,194	192,471	\$9.70	\$ 1,867
2006	\$ 925,134,000	4,221	219,174	\$8.86	\$ 1,942
2007	\$ 978,909,200	4,235	231,147	\$9.23	\$ 2,133
2008	\$ 997,594,400	4,246	234,949	\$10.01	\$ 2,352
2009	\$ 902,548,500	4,257	212,015	\$10.70	\$ 2,268
2010	\$ 805,496,100	4,265	188,862	\$12.57	\$ 2,374
2011	\$ 760,054,400	4,264	178,249	\$13.15	\$ 2,397
2012	\$ 753,497,400	4,261	176,836	\$14.29	\$ 2,527
2013	\$ 713,528,400	4,253	167,771	\$15.08	\$ 2,530
2014	\$ 715,598,200	4,254	168,218	\$15.61	\$ 2,626
2015	\$ 757,741,320	4,263	177,700	\$15.12	\$ 2,687
2016	\$ 766,625,420	4,258	180,000	\$15.51	\$ 2,792
2017	\$819,913,420	4,268	192,100	\$15.34	\$ 2,946
2018	\$910,805,720	4,277	\$212,954	\$14.31	\$3,050
2019	\$1,027,435,720	4,276	\$240,300	\$13.68	\$3,287
2020	\$1,133,841,000	4,280	\$264,900	\$12.43	\$3,293
2021	\$1,207,006,100	4,284	\$281,800	\$12.27	\$3,458
2022	\$1,368,169,500	4,288	\$319,000	\$11.48	\$3,649
2023	\$1,611,886,600	4,295	\$375,300	\$10.12	\$3,798



Tax Shift Impact

Residential Factor 1.70					
	FY2022 TAX RATES		FY2023 TAX RATES		Decrease R/O (\$1.19) CIP (\$3.76)
	RESIDENTIAL \$11.44 CIP \$24.21		RESIDENTIAL \$10.25 CIP \$20.45		
Property Type	Average Value	2022 Tax Bill	Average Value	2023 Tax Bill	Tax Bill Dif.
Single Family	319,000	\$3,649.36	375,300	\$3,846.83	\$197
Condominiums	173,000	\$1,979.12	194,600	\$1,994.65	\$16
Two Family	417,100	\$4,771.62	512,400	\$5,252.10	\$480
Three Family	490,600	\$5,612.46	588,700	\$6,034.18	\$422
Commercial	526,200	\$12,739.30	588,300	\$12,030.74	(\$709)
Industrial	1,421,200	\$34,407.25	1,692,400	\$34,609.58	\$202



Tax Shift Impact

Residential Factor 1.71					
	FY2022 TAX RATES		FY2023 TAX RATES		Decrease
	RESIDENTIAL \$11.44 CIP \$24.21		RESIDENTIAL \$10.22 CIP \$20.57		R/O -\$1.22 CIP -\$3.64
Property Type	Average Value	2022 Tax Bill	Average Value	2023 Tax Bill	Tax Bill Dif.
Single Family	319,000	\$3,649.36	375,300	\$3,835.57	\$186
Condominiums	173,000	\$1,979.12	194,600	\$1,988.81	\$10
Two Family	417,100	\$4,771.62	512,400	\$5,236.73	\$465
Three Family	490,600	\$5,612.46	588,700	\$6,016.51	\$404
Commercial	526,200	\$12,739.30	588,300	\$12,101.33	(\$638)
Industrial	1,421,200	\$34,407.25	1,692,400	\$34,812.67	\$405



Tax Shift Impact

Residential Factor 1.72					
	FY2022 TAX RATES		FY2023 TAX RATES		Decrease R/O (\$1.24) CIP (\$3.52)
	RESIDENTIAL \$11.44 CIP \$24.21		RESIDENTIAL \$10.20 CIP \$20.69		
Property Type	Average Value	2022 Tax Bill	Average Value	2023 Tax Bill	Tax Bill Dif.
Single Family	319,000	\$3,649.36	375,300	\$3,828.06	\$179
Condominiums	173,000	\$1,979.12	194,600	\$1,984.92	\$6
Two Family	417,100	\$4,771.62	512,400	\$5,226.48	\$455
Three Family	490,600	\$5,612.46	588,700	\$6,004.74	\$392
Commercial	526,200	\$12,739.30	588,300	\$12,171.93	(\$567)
Industrial	1,421,200	\$34,407.25	1,692,400	\$35,015.76	\$609



Tax Shift Impact

Residential Factor 1.73					
	FY2022 TAX RATES		FY2023 TAX RATES		
	RESIDENTIAL \$11.44 CIP \$24.21		RESIDENTIAL \$10.17 CIP \$20.81		Decrease R/O (\$1.27) CIP (\$3.40)
Property Type	Average Value	2022 Tax Bill	Average Value	2023 Tax Bill	Tax Bill Dif.
Single Family	319,000	\$3,649.36	375,300	\$3,816.80	\$167
Condominiums	173,000	\$1,979.12	194,600	\$1,979.10	\$0
Two Family	417,100	\$4,771.62	512,400	\$5,211.11	\$439
Three Family	490,600	\$5,612.46	588,700	\$5,987.08	\$375
Commercial	526,200	\$12,739.30	588,300	\$12,242.52	(\$497)
Industrial	1,421,200	\$34,407.25	1,692,400	\$35,218.84	\$812



Tax Shift Impact

Residential Factor 1.74					
	FY2022 TAX RATES		FY2023 TAX RATES		Decrease R/O (\$1.30) CIP (\$3.27)
	RESIDENTIAL \$11.44 CIP \$24.21		RESIDENTIAL \$10.14 CIP \$20.94		
Property Type	Average Value	2022 Tax Bill	Average Value	2023 Tax Bill	Tax Bill Dif.
Single Family	319,000	\$3,649.36	375,300	\$3,805.54	\$156
Condominiums	173,000	\$1,979.12	194,600	\$1,973.24	(\$6)
Two Family	417,100	\$4,771.62	512,400	\$5,195.74	\$424
Three Family	490,600	\$5,612.46	588,700	\$5,969.42	\$357
Commercial	526,200	\$12,739.30	588,300	\$12,319.00	(\$420)
Industrial	1,421,200	\$34,407.25	1,692,400	\$35,438.86	\$1,032



Tax Shift Impact

Residential Factor 1.75					
	FY2022 TAX RATES		FY2023 TAX RATES		Decrease R/O (\$1.32) CIP (\$3.15)
	RESIDENTIAL \$11.44 CIP \$24.21		RESIDENTIAL \$10.12 CIP \$21.06		
Property Type	Average Value	2022 Tax Bill	Average Value	2023 Tax Bill	Tax Bill Dif.
Single Family	319,000	\$3,649.36	375,300	\$3,798.04	\$149
Condominiums	173,000	\$1,979.12	194,600	\$1,969.35	(\$10)
Two Family	417,100	\$4,771.62	512,400	\$5,185.49	\$414
Three Family	490,600	\$5,612.46	588,700	\$5,957.64	\$345
Commercial	526,200	\$12,739.30	588,300	\$12,389.60	(\$350)
Industrial	1,421,200	\$34,407.25	1,692,400	\$35,641.95	\$1,235

TAX BILL DIFFERENCE ROUNDED



TAX CLASSIFICATION SHIFT RANGE 1.70 TO 1.75

SINGLE FAMILY AND COMMERCIAL TAX BILL FISCAL YEAR 2023

Factor	Res. Rate	Avg. SFH Tax Bill	Increase in FY2022
1.75	10.12	\$3,798	\$149
1.74	10.14	\$3,805	\$156
1.73	10.17	\$3,816	\$167
1.72	10.20	\$3,828	\$179
1.71	10.22	\$3,835	\$186
1.70	10.25	\$3,846	\$197

Factor	Comm. Tax Rate	Avg. Comm. Tax Bill	Delta in FY2022
1.75	21.06	\$12,389	(\$350)
1.74	20.94	\$12,319	(\$420)
1.73	20.81	\$12,242	(\$497)
1.72	20.69	\$12,171	(\$567)
1.71	20.57	\$12,101	(\$638)
1.70	20.45	\$12,030	(\$709)



Timeline Tax Rate Certification

October

- 18th -City Councilors refers item to Budget and Finance.
- 27TH -Budget & Finance Tax Classification Presentation.

November

- 3th - City Council orders Tax Classification Public Hearing
- 8th - Classification Public Hearing advertised on CITY WEB
- 15th - **City Council Tax Classification Public Hearing Vote**

December

- 1st - DOR Certifies Fiscal Year 2023 Tax Rate Recap
- 31st – Deadline for mailing 3rd Quarter “Actual” Tax Bills



Questions?

Contacting the Assessors Office

200 COMMON STREET ROOM #103

PHONE: 978-620-3190

FAX: 978-722-9270

E-MAIL: avega@cityoflawrence.com

bdaou@cityoflawrence.com

mhalloran@cityoflawrence.com