



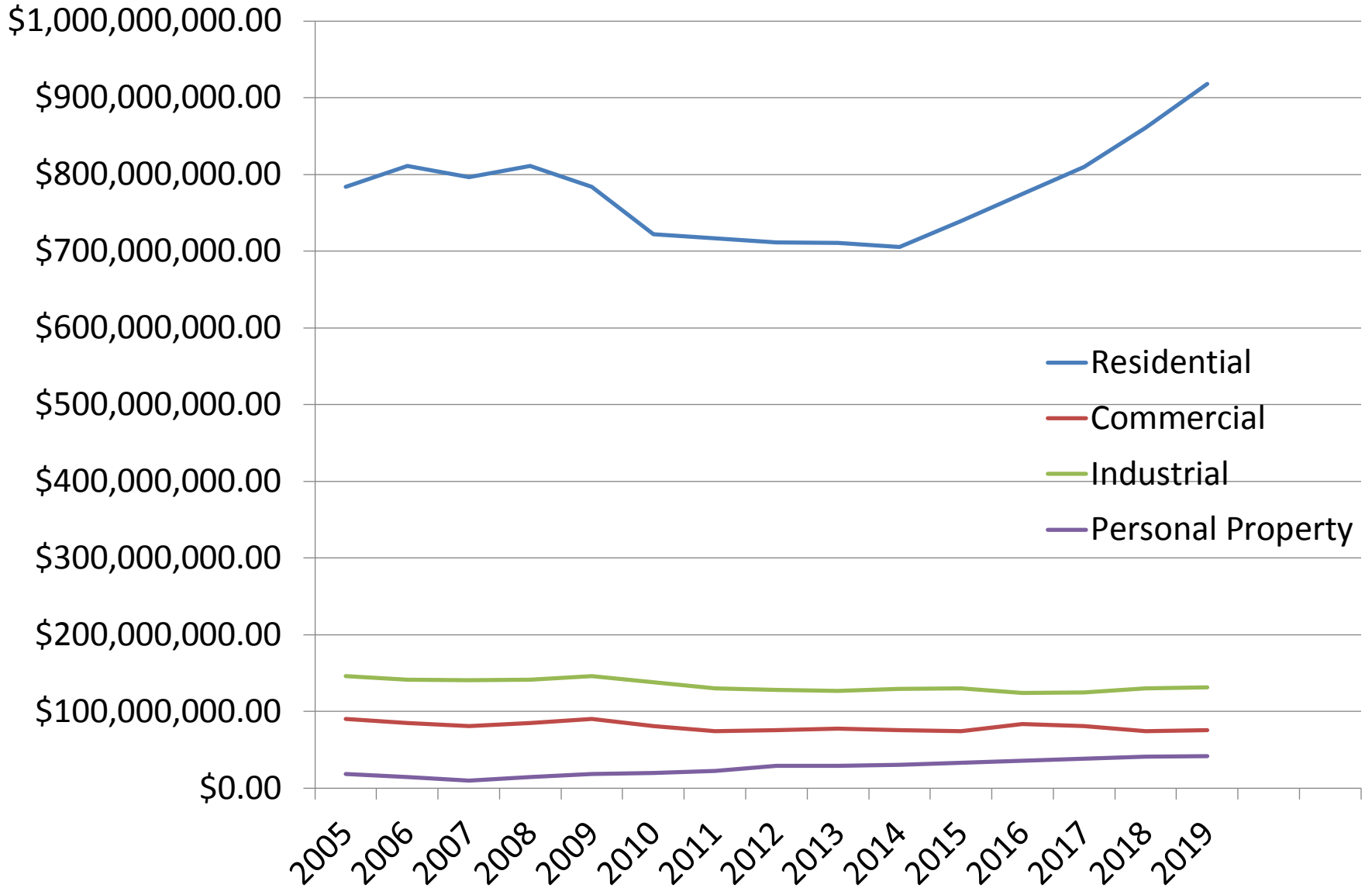
# VALUES - ABATEMENTS & HOW THEY AFFECT TAXES

# \* VALUES

- \* The Assessor is charged with valuing all properties located within the Town.
- \* Assessors/Appraisers use either one of or a combination of at least two Approaches (methods) to value properties.
- \* **Cost Approach** - Generally used to support the other two methods. Primarily used by insurance companies to determine the amount of coverage. It utilizes the cost to build, minus depreciation and/or obsolescence plus the land value.
- \* The **Sales Approach** is generally used to determine **residential** values. Sales of similar homes are compared with market driven adjustments for differences. External forces, depreciation and obsolescence are also factors.
- \* The **Income Approach** is generally used for **Commercial/Industrial properties**. In short the value is determined by the amount of income the property produces. The value of the land and building are given secondary consideration. Location is not a major factor. The Appellate Tax Board usually relies on the Income Approach.

- \* Two similar Commercial/Industrial properties can be valued differently depending how much income they generate. I.E. Building A is fully leased. Building B is leased at 50%. Because Building A is fully leased it is valued higher.
- \* History shows that residential values generally appreciate 4 to 6 percent a year in a “normal and stable” market. More recently we have experienced annual market fluctuations that have affected the appreciation of values.
- \* Commercial property values seem to be more immune to annual market conditions but more influenced by outside forces which can affect their ability generate income.
- \* The following chart demonstrates the values of all in town properties from FY 2005 to FY 2019.

# Value History



# \* ABATEMENTS

- \* Mass Law allows every property owner to dispute their tax assessment.
- \* Abatement applications can be filed between January 1 and February 1 of each year.
- \* The assessor has 90 days from the date submitted to respond to the property owner.
- \* The assessor can either grant, partially grant an abatement or deny the application.
- \* If denied or dissatisfied with the assessor's decision the property owner can file with the Appellate Tax Board.
- \* Once an appeal is filed the Assessor and property owner may negotiate a settlement.
- \* **The burden of proof is on the tax payer to show that the assessment is incorrect.**
- \* When an abatement is approved, settled or mandated by the ATB, the property value is adjusted accordingly.
- \* The adjusted value carries over into the new fiscal year. Therefore, for every dollar paid out an average of a dollar less is collected in tax the following year.

# \* THE OVERLAY

- \* Monies to pay the abatements come out of a mandated fund called the Overlay.
- \* The Overlay is funded by the taxes and is a part of the yearly budget.
- \* The Assessor determines potential abatements and the Overlay is funded to cover the potential liabilities.
- \* All property owners pay a portion of each Abatement through the funding of the overlay.
- \* The table shows the average amount each property owner contributed towards the abatements for the years noted. The total number of parcels for each year was used to determine the average cost.

Fiscal Year	2013	2014	2015	2016	2017	2018
Abatements Paid	\$64,134.17	\$83,473.31	\$51,268.75	\$53,349.15	\$58,061.68	\$154,795.70
Cost/parcel	\$27.31	\$41.18	\$25.29	\$26.32	\$28.64	\$76.37

- \* Per agreement 85 Swanson Ave was 6.25 million, is now assessed at 4.5 million in FY 2019.
- \* The FY 2018 abatement total of \$154,796 paid out equates an overall loss in Town value of \$9,425,797(rounded).
- \* The Town currently has two commercial properties under appeal which we are working to settle prior to going to the ATB.
- \* One property under appeal is currently assessed at \$18,313,500. Owner claims \$6,250,000 due to its high vacancy rate. **“Meeting at the middle”** could result in an abatement of \$104,000.
- \* Another commercial property is losing it’s one and only tenant. If the owner file an abatement for property at half of it’s current assessment could result in an abatement of \$66,000.

- \* Total potential abatements for next year is \$193,185.
- \* With the current number of properties in Town and using the current tax rate of \$16.42 this equates to \$78.79 per property.
- \* “Hidden” costs to the Town include the services of counsel and expert consultants for assistance.
- \* **Please remember: For every dollar paid out for an abatement an average of dollar less in taxes is collected the next fiscal year.**