



# City of New Bedford

## Massachusetts

### ASSESSING DEPARTMENT

#### ASSESSORS

Marty Treadup  
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December 2, 2022

Council President Ian Abreu and Members of the New Bedford City Council  
City Hall – Council Chamber  
New Bedford, MA 02740

Dear Council President Abreu and Members of the New Bedford City Council:

Thank you for inviting the Board of Assessors and the Assessing Staff to the Annual Classification Hearing. As is usual, the City Council will determine the Minimum Residential Factor (MRF) and the accompanying percentage shift of taxation which can range from a percentage of 1 (a single tax rate) to 175. Last year this board approved an MRF that equates to the maximum 175% shift.

This year the targeted tax levy is \$146,862,944, which *could* change upon DOR's review and approval of the Tax Rate Recap sheet.

The maximum shift toward the business classes cannot exceed 175%, and at this levy amount, a Minimum Residential Factor of .8368 would set the tax rates for Residential and Commercial/Industrial/Personal Property at \$14.29 and \$29.88 respectively.

Values for taxation for Fiscal Year 2023 determined as of January 1, 2022, are based on sales of the preceding 2 years (2020 & 2021) for all properties. We are required to use at least 2% of sales for each class as valid, arms-length transactions. Sales resulting from foreclosures, bankruptcies, estates, family, etc. are NOT allowed to be used in creating the required data base.

The total New Growth tax for Fiscal year 2023 is \$1,732,820. The New Growth is added to the estimated Levy Limit resulting in a final proposed Tax Levy of \$146,862,944.

Please note that the excess levy capacity remaining between the final tax levy and the levy limit will be announced at the Classification Hearing. Using the levy quoted above, the excess levy capacity for Fiscal Year 2023 should be approximately: \$3,454,747.

The possible single tax rate for Fiscal 2023 (at the proposed levy) is \$17.08. The equalization of value throughout the City may result in a tax decrease for some taxpayers, an increase for some, while others remain about the same, depending on the Minimum Residential Factor selected.

The following shows historic tax rates and shifts:

Fiscal Year	% Res	% CIP	Single Rate	CIP % Shift	Res Rate	CIP Rate
2022	79.9205	20.0795	\$19.13	1.74987	\$15.54	\$33.51
2021	80.5222	19.4778	\$18.93	1.73007	\$15.59	\$32.76
2020	81.32	18.68	\$19.42	1.73	\$16.16	\$33.59

Even though the City Council eliminated tax billing for Personal Property Accounts with a value under \$10,000 since Fiscal Year 2013, the Personal Property valuation remains steady. Commercial and Industrial values remained relatively stable, showing a slight increase.

The attach chart of Minimum Residential Factors/Percentages and associated Tax Rates provides the Factor and percentages and associated tax rates for your consideration. Please note that the chart has the maximum factor/percentage at 175. The necessity of paying real estate taxes affects everyone, especially those on fixed income. Statutory exemptions are available for qualifying taxpayers as well as other options (such as deferrals). Chapter 59, Section 5, Clause 41A Tax Deferral allows an amount of tax to be deferred until a later time. A lien with accruing interest is recorded at the Registry of Deeds. Water and Sewer bills may also qualify for this clause. Successful application for this clause is dependent on the personal circumstances of the individual taxpayer meeting the statutory requirements set by the Legislature. New legislation gave the power to communities to set a low interest rate on the deferred amount by local option acceptance and was accepted a few years ago by our City Council along with raising the maximum income level for qualification.

Another option available to qualifying taxpayers (under the guidelines of Massachusetts Income Tax and not in any way by local government), is the "Circuit Breaker" bill provision. Elderly taxpayers should investigate this possibility with a qualified tax accountant as the amount to be exempted has been raised these last few years.

The Board of Assessors and the Assessing Department are always ready to provide help and assistance to you and all the residents of New Bedford.

Sincerely,



Pamela Davis, Interim Admin. Asst.

Cc: Mayor Jonathan F. Mitchell

City Councilors

Michael Gagne


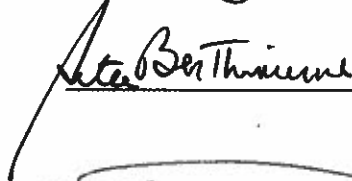
Robert Ekstrom

Dennis Farias

Susan Henriques/Council Office

Ray DeBarros

Board of Assessors

 Chairperson Clerk Assessor

**TAX RATES WITH RESPECTIVE SHIFT**

1.7000	0.8477	14.48	29.03
1.7100	0.8455	14.44	29.20
1.7200	0.8433	14.40	29.37
1.7300	0.8412	14.36	29.54
1.7400	0.8390	14.33	29.71
1.7500	0.8368	14.29	29.88

**EXAMPLES OF TAX AT SHIFTS OF 170 - 175**

SHIFT	TAX
<i>RESIDENTIAL AVERAGE SINGLE-FAMILY VALUE \$310,300</i>	
1.70	\$4,493.14
1.71	\$4,480.73
1.72	\$4,468.32
1.73	\$4,455.91
1.74	\$4,446.60
1.75	\$4,434.19
<i>COMMERCIAL AVERAGE VALUE \$415,725</i>	
1.70	\$12,068.50
1.71	\$12,139.17
1.72	\$12,209.84
1.73	\$12,280.52
1.74	\$12,351.19
1.75	\$12,421.86
<i>INDUSTRIAL AVERAGE VALUE \$842,480</i>	
1.70	\$24,457.19
1.71	\$24,600.42
1.72	\$24,743.64
1.73	\$24,886.86
1.74	\$25,030.08
1.75	\$25,173.30

# Fiscal Year 2023 Classification Hearing

New Bedford City Council

## How is a tax rate set?

- When the budget to operate the City is finalized by the City Council, all receipts (actual and estimated) except for real estate and personal property taxes are subtracted.
- In Fiscal Year 2023, the final budget is \$419,977,739 and the receipts total to \$273,114,795 leaving \$146,862,944 to be raised by real and personal property tax.
- Taxable valuation for FY23 is \$8,600,484,058
- Dividing the taxable value into the monies to be raised by RE & PP tax makes a single rate of \$17.08 per thousand of value.

# How is the Tax Rate split to give relief to the Residential Class of properties?



The total residential class valuation was 82.1302% of the total taxable valuation and the Commercial, Industrial and Personal Property total valuation was 17.8698%.



With a single tax rate, each class raises the proportional share of the amount of money to raise (known as the levy)



That means for FY23 the Residential class would raise 82.1302% of the levy (\$146,862,944) and the Commercial, Industrial, Personal Property classes would raise the balance.



To “split the rate” giving the residential class some relief, the City historically has voted to give the maximum allowed shift to the Commercial, Industrial and Personal Property classes.

## How is the “shift” calculated?

In this example of FY23 tax rates, the Commercial, Industrial and Personal Property classes (CIP), being 17.8698% of total taxable value would have raised \$26,244,114

Voting the max shift of 1.75% changes the amount of levy raised by the CIP classes to \$45,927,200 ( $\$26,266,114 \times 1.75$ ), an increase of \$19,661,086.

That increase to CIP is subtracted from the amount of levy to be raised by the residential class from \$120,618,830 (as a single rate) to \$100,957,744 ( $120,618,830 - 19,661,086$ )

Taxable values of each class stay the same so the rate to raise the levy is what changes

Total Residential Value divided into the total levy the Residential Class to raise (expressed "per thousand of value")

$$\frac{\$100,957,744}{\$7,063,590,736} = \$14.29$$

Total CIP Value divided into the total levy the CIP raised (again expressed "per thousand of value")

$$\frac{\$45,927,200}{\$1,536,893,322} = \$29.88$$



# Impact of Tax Shift at 1.75%

PROPERTY TYPE	AVERAGE VALUE	SHIFT @ 1.75
SINGLE FAMIL	\$310,300	\$4,434.19
COMMERCIAL	\$415,725	\$12,421.86
INDUSTIRAL	\$842,480	\$25,173.30

## TAX RATE SHIFT EXAMPLES

CIP SHIFT	MINIMUM RESIDENTIAL FACTOR	RESIDENTIAL TAX RATE	COM/IND/PP TAX RATE
1.7000	0.8477	14.48	29.03
1.7100	0.8455	14.44	29.20
1.7200	0.8433	14.40	29.37
1.7300	0.8412	14.36	29.54
1.7400	0.8390	14.33	29.71
1.7500	0.8368	14.29	29.88