INFORMATION FOR

DUKES COUNTY TAXPAYERS

From

The Island Counties Assessors Association, Inc.

This booklet is designed to give the Dukes County taxpayer a brief overview of the duties and responsibilities of the boards of assessors in the six towns on Martha's Vineyard and some information which might be of interest to you. The boards of assessors believe that taxpayers should be fully aware of how assessing operations are performed so that they can reassure themselves they are being treated fairly.

Should you ever need or want additional information concerning your assessment or exemption, or the laws governing them, please contact the assessors office in your town. We are here to assist you.

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RESPONSIBILITIES OF THE BOARD OF ASSESSORS

Presently, the boards of assessors on Martha's Vineyard appraise and assess approximately 20,000 parcels of property.

The board of assessors in each city and town in the state is required by Massachusetts law to list and value all real and personal property. Valuation is subject to "ad valorem" taxation on an assessment roll each year, which means that all property should be taxed "according to value." In Massachusetts, assessed values are based on "full and fair cash value", or 100 % of the fair market value.

Assessors are required to submit these values to the Massachusetts Department of Revenue for certification every three years. In the years between certification, assessors must also maintain the values. Assessors review property sales each year to determine if changes in assessed values should be made. This is done so that each property taxpayer pays his or her fair share of the cost of local government, in proportion to the amount of money the property is worth, on a yearly basis rather than only every three years.

The local board of assessors does not raise or lower taxes. The board of assessors does not make the laws that affect property owners. The Massachusetts Constitution requires that direct taxes on persons and property be proportionately and reasonably imposed. In addition, the Declaration of Rights, Part I, Article 10, requires each individual to bear his or her fair share of the public expenses.

The board of assessors is required to annually assess taxes in an amount sufficient to cover the state and local appropriations chargeable to the town. These appropriations will include state and county appropriations which have been duly certified to the local board of assessors, and all appropriations voted at town meetings.

Your local board of assessors does not determine how much tax your town must raise. The assessors' primary responsibility is to find the "full and fair cash value" of your property, so that you pay only your fair share of the taxes. The tax rate is calculated by the assessors using information collected from town meeting votes, various town officials, and state agencies. The tax rate is simply the result of dividing the net tax required (after all available receipts have been applied) by the taxable value (assessments) of the town. Market activity determines assessments while town meeting votes and other local obligations determine the tax levy (amount to be raised by taxation).

PROPOSITION 2 ½

Proposition 2 ½ places constraints on the maximum amount of tax levy raised by the town and on how much the levy can go up from year to year. It allows a town to annually increase its levy by 1) 2.5% of the prior year's levy, and 2) an additional amount based on the valuation of new construction and other allowable growth in the tax base (new growth) that is not the result of revaluation. The annual levy limit may never exceed the overall levy ceiling, which is 2.5% of the full and fair cash value of a town's total taxable value.

DETERMINING VALUE

Valuation in Massachusetts is valuation at "full and fair cash value," defined as the amount a willing buyer would pay a willing seller on the open market. Assessors must collect, record and analyze a great deal of information about property and market characteristics in order to estimate the fair market value of all properties in their community. Properties such as churches and educational institutions are also valued even though they are exempt from taxation. Assessors first inspect each property to record specific features of the land and building(s) that contribute to its value. Land size, location, view, building size, type and quality of construction, number of rooms, number of baths, number of fireplaces, type of heating system – all are examples of the data collected on each individual property before the valuation process can begin.

Finding the "market value" of a property involves discovering what similar properties are selling for, what the property would cost today to replace, and what financial factors, such as interest rates, may be affecting the real estate market. Valuation techniques for commercial and industrial properties also include analysis from an investment point of view, since the purchase price the buyer is willing to pay depends, in part, on the return the buyer expects to receive.

The assessors do not create value. Rather, they have the legal responsibility to discover it and make sure that assessments reflect the changes occurring in the marketplace. People create property value by their transactions in the market. Since assessments must be set at market value, rising real estate values will be reflected in generally higher assessed values. All properties, however, do not change in value to exactly the same degree. Many factors influence value, and the value of some properties may well increase more rapidly than others. The construction of a garage, or the addition of a room would increase the market value of the property and, therefore, also increase the assessed value.

In effect, the assessors do what property owners do to determine the selling price when putting a property up for sale, only the assessors must follow specific guidelines.

DIFFERENCES OF OPINION REGARDING YOUR PROPERTY VALUE

If your opinion of the value of your property differs from the assessed value, by all means go to the assessors office and discuss the difference. Assessing personnel will be glad to answer your questions. When questioning the assessed value, ask yourself three questions:

--- Is the information about my property correct?
--- Is the value of my property in line with others in the neighborhood?
--- Is the value of my property in line with recent sales of similar properties?

Keep in mind what is important: recent sales prices, property condition, neighborhood, building size, and lot size are the most critical factors in the valuation process. There is a variety of information available to help you determine whether your assessment is fair and equitable. Remember — very few properties are exactly alike. Your value should be in line, but seldom will it be exactly the same as the value of what seems to be a similar property. An appointment to meet with the assistant assessor may be a good idea, and the assessors may ask to visit your property and do an inspection of your house.

If, after discussing the matter and researching the assessments of comparable properties in your town, a difference of opinion still exists, you may appeal your assessment by filing an abatement application with the board of assessors.

Points to remember: the abatement window is only approximately 30 days annually. The exact appeal period varies from town to town, depending on when the actual (not estimated) tax bills are mailed. Information about the appeal period can be found on the actual (not estimated) tax bill or by calling the assessors office in your town. You are requesting an abatement of your assessment, not your taxes. If your taxes are $2,000 or greater, the tax must be paid on time in order to preserve your rights of appeal to the state appellate tax board.

1) APPLYING FOR AN ABATEMENT

The application form is easy to complete. However, an applicant needs to make a case and give good reasons. Assessors **do** respond to your specific concerns and comparisons. If you have had an appraisal done recently (within the last 12 months), it may assist in the abatement process if you submit a copy of the appraisal report with the application.

Once the application is date stamped by the assessors office, it cannot be changed or withdrawn. It is accepted as is, once it is marked as received by the board of assessors. Additional information can be submitted separately. The assessors may also request further information, a property inspection, or both.

Please note that abatement applications cannot be filed early. The filing period starts after the actual (not estimated or preliminary) tax bills are mailed.

2) IF YOUR ABATEMENT IS DENIED

You will receive a notice indicating that your abatement was denied. You may appeal to the Massachusetts Appellate Tax Board within three months of the date of the assessors' decision.

3) IF YOUR ABATEMENT IS APPROVED

You will receive a notice indicating the amount of the abatement granted. If your tax was overpaid after adjusting for the abatement, a refund will be sent to you. How much was your assessment reduced? Simply divide the tax abated by the tax rate.

Example:

Tax rate $14.08 per $1,000 of value		
Original Value	$ 300,000.00	
Original Tax	$ 4,224.00	(300 x 14.08)
Abated Tax	$ 281.60	
Abated Value	$ 20,000.00	(281.60 -:- 14.08 = 20; 20 X 1,000 = 20,000 value)
Adjusted Property Value =	$300,000 - $20,000 = $280,000	

Abatements are normally credited toward any unpaid balance of the tax due. If the total original tax had been paid prior to the abatement, the taxpayer will automatically receive a refund check.

4) SPECIAL NOTE FOR NEW HOMEOWNERS

Keep in mind the assessment date (January 1) as it affects your ownership status. State law requires that the property be legally assessed to the person who held title as of January 1 before the start of the fiscal year. If you purchased your property after that date, you should arrange to get a copy of the bill, either from the tax collector or the previous owner. You can apply for an abatement as a subsequent owner.

WHAT TYPES OF REDUCTIONS OF REAL ESTATE TAX ARE AVAILABLE?

There are two ways a taxpayer might be able to reduce his or her tax bill. First, he or she may qualify for a personal exemption from taxes. Secondly, he or she may qualify for a temporary deferral of taxes.

1) EXEMPTIONS

Various exemptions is available to reduce property tax obligations for certain qualifying taxpayers: elderly persons, blind persons, disabled veterans, surviving spouse or orphaned minor child, widow or orphaned minor child of a police officer or firefighter, and individuals suffering extreme hardship (must also be elderly and infirm). The qualifying date is July 1, the first day of the fiscal year for which an exemption is sought. Applications are due within three months of the mailing of the actual tax bill. Check with the your town to find out the exact date.

There are a number of exemptions available to qualifying taxpayers. The following table is intended only to give a general idea of what is available. Many things are looked at when a person applies for an exemption. Among them are: income, total assets, ownership, and occupancy. Also, in certain conditions, if two or more persons, whether or not related or married, own a single parcel and each qualifies for a different exemption, each would be entitled to receive the exemption for which he or she qualifies.

If you think you may be eligible or have any questions, call the assessors office in your town to discuss details.

(See table next page.)

EXEMPTIONS - GENERAL REQUIREMENTS

(CHECK WITH TOWN ASSESSORS - DETAILS MAY VARY BY TOWN)

Clause	Basic Qualifications (as of July 1)	Max. Income	Max. Assets(a)	Tax Reduction Amount
Elderly				
17D	Age 70 or older	N/A	$40,000	$175.00
41C	Age 65 or older - single	$20,000 (b)	$40,000	$1000.00
41C	Age 65 or older - married	$30,000 (b)	$55,000	$1000.00
Veterans				
22	10% disability or Purple Heart	N/A	N/A	$250.00
22A	Loss of foot, hand or eye	N/A	N/A	$425.00
22B	Loss of 2 limbs or eyes	N/A	N/A	$775.00
22E	100% disability/10% service	N/A	N/A	$600.00
22(F)	Paraplegic due to war injury	N/A	N/A	100%
Other				
37A	Legally Blind	N/A	N/A	$500.00
17D	Surviving Spouse or Orphaned Minor Child	N/A	$40,000	$175.00
42	Surviving Spouse or Orphaned Minor Child of Police Officer or Fire Fighter	N/A	N/A	100%
18	Extreme Hardship	see note (c)	see note (c)	Varies

(a) Maximum assets refers to the value of all the applicant's property including real estate, bank accounts, stocks, etc., the whole estate value. The value of the applicant's domicile is not included.

(b) Income is reduced by an amount equal to the minimum Social Security income. This amount is deducted from the applicant's income before qualifying. (This amount changes annually and is determined by the Department of Revenue.)

Example:

Single applicant's miscellaneous income	$18,000.00	
Single applicant's Social Security income	$ 5,250.00	
Total income		$23,250.00
Deduct Social Security allowance FY06	$ 3,571.00	
Net income for exemption application		$19,679.00

Applicant's income falls below the $20,000 limit.

(c) There are several different qualifications for Clause 18.

2) TAX DEFERRAL

Many retired homeowners feel "house rich and income poor." Property taxes constitute a serious financial burden which can even force the sale of the home. All towns offer the Clause 41A tax deferral program, which enables owners to defer payment of up to 100% of annual property taxes. Deferred taxes accumulate, with simple interest at 8%, as a lien on the property until it is sold or the owner(s) has died. Applicants must be 65 years old as of July 1 of the fiscal year, and there is a maximum income allowed of $40,000. If you are interested, please contact your assessors office.

3) NOTE FOR OWNERS OF PROPERTY IN TRUST

Trust ownership arrangements may affect qualification for a statutory exemption. According to Department of Revenue guidelines, as a general rule, an applicant must be both the trustee <u>and</u> the beneficiary. Applicants must submit a copy of the recorded trust instrument, including amendments, and a copy of the recorded schedule of beneficiaries.

REVALUATION & RECERTIFICATION & TAXES

Following a change in state law in 1979, all communities were required to perform a comprehensive valuation of all property in the community, including a full measure and list program to collect property data and a detailed market analysis of property sales. Once this was done, a community was "certified" by the state Department of Revenue, meaning that the community was following state guidelines and assessing all property at full market value, as required by law.

After initial certification, all communities are required to be "recertified" every three years. In order to be recertified, a community must demonstrate that it has maintained the integrity of its property data, analyzed the sales market, adjusted values to be at 100% of market value, and met various statistical requirements. Communities that continually monitor the sales market and update their property data will be able to avoid an extremely costly "total revaluation." Department of Revenue guidelines recommend a cyclical program of data collection and review (including interior and exterior inspections) so that each property is inspected, at a minimum, every nine years. Up to date and accurate data, along with current market adjustments, ensures that all properties contribute an equitable portion of the tax burden.

Revaluation is the process of conducting data collection and market analysis to update the values of all properties within a municipality and ensure that they are in line with the market for the purpose of a fair distribution of the tax burden. Revaluation does not automatically mean values will increase. Some years the research concludes that assessments need little or no adjustment, and in other years assessed values are reduced as a result of revaluation.

Revaluation is best done on a regular basis to keep up with the changing economic conditions in a community. Since an increase in population translates into an increase in the demand for housing and other municipal paid services (such as schools, police, fire, waste disposal, road maintenance), it is essential that property values be kept correct so that the tax burden will be distributed equitably. Most boards of assessors examine their values annually and often conclude that few changes in values are necessary. Frequent valuation adjustments help avoid dramatic swings in value.

If a "total revaluation" is being done, a physical inspection of both the interior and exterior of each property is conducted. The building is measured and construction characteristics are noted. If the project is a "valuation update," the data collection phase may include data quality studies and reinspection of some properties or neighborhoods, as well as an exterior field review of a significant portion of the town (or perhaps the entire town). Data collection can also include mailing information request forms to taxpayers for verification of data, either real estate or personal property. The scope of the project is set after reviewing DOR comments and recommendations following the previous recertification of values.

While the data collection phase is going on, assessors study property sales and determine where the actual increases and decreases in value are occurring. This study of recent property sales involves comparing sale prices to existing assessed values and allows assessors to establish parameters to estimate the value of property that has not sold. The assessors review the collected data and apply the determining factors of the sales analysis to come up with a value for each property.

At the end of the project, and as a required part of the project, property owners are notified that new values are available (either by public notice or by mail). If a property owner has any concerns about inaccuracies or discrepancies regarding his or her property, the assessors will review the property data.

Taxpayers who are informed of an increase in the value of their property are understandably concerned that their tax bills will also increase. In the past – before cities and towns were regularly adjusting properties to market value and before Proposition 2 ½ limited the amount a community can collect from the property tax – there were often dramatic increases in tax bills when property was reassessed.

For the most part this is no longer true. As valuations go up, tax rates go down and thus taxpayers will be paying a lower rate per thousand dollars of valuation. Generally speaking, any annual increase in the tax bill should be moderate, reflecting the very modest increase in overall property taxation allowed by Proposition 2 ½.

There are certain instances when the increase in value may bring more than an minimal increase in a taxpayer's bill. When the increase in value is the result of an addition to the property (a new house, an addition, a swimming pool, etc.), the taxpayer can expect his or her bill to reflect those circumstances. Very often market changes are not uniform across the tax base, and when the value of a particular class of property is rising more rapidly than other classes in the same community (waterfront property, for example), the resulting tax bills will also not change at the same rate. Taxpayers in communities that approve a Proposition 2 ½ override or debt exclusion can expect to see additional tax related to the override or debt exclusion reflected in their tax bills.

FINAL COMMENTS

We hope the role of assessors in your community is clearer after reviewing the information presented. Assessing personnel in all of the towns on Martha's Vineyard are available to help taxpayers with any questions they may have about the complex process of administering tax assessment law in Massachusetts. Please feel free to contact your local assessors office with your questions. Information about the assessing departments in all six towns is given on the next page for your convenience.

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