

# **HOW PROPERTY VALUES AND TAXES ARE DETERMINED**

**December 11, 2023**

## **How Assessors Determine Value**

Property Valuation in Massachusetts is assessed on an “ad valorem” basis each year, which means that all property is taxed “according to value”. Assessed values are based on “full and fair cash value” or 100% of the fair market value; the amount a willing buyer would pay a willing seller on the open market. The average residential property in Town gets its new assessment each year from the Assessing Department’s analysis of the property sales market. Essentially, the amount your new neighbors paid your old neighbors for the houses in your area provided the Assessors with the basis for your new property value.

The Assessing office must collect, input and analyze a great deal of information about property and market conditions in order to determine the fair market value of all taxable properties in their communities. The state of Massachusetts requires that Assessors submit the values to the Department of Revenue for review and approval to ensure they reflect the property’s full and fair cash value. This is so that each property taxpayer in the community pays their fair share of the cost of local government in proportion to the amount their property is worth.

## **Why Assessments Go Up When a Property Hasn’t Changed?**

Since assessments must reflect market value, rising or falling sales prices in the community will in turn result in higher or lower assessments. The property sales submitted to the DOR for review each year must fall within a median ASR (Assessment to Sales Ratio) of between 90-110%. Sales outside of the ASR must be analyzed and the values adjusted accordingly by the assessing staff in order to pass DOR approval. When relevant sales information is entered into the Assessor’s computer assisted mass appraisal (CAMA) system, it generates new values for similar properties that did not sell.

Several factors influence market value, so the changes to values may not be uniform. Building style is one example; ranch style homes have been in increasing demand the last several years and buyers are willing to pay more for them, thus raising their market value more than other styles. The resulting higher prices paid for certain building styles raises the price for all homes in this building style (with some exceptions).

Another factor is location, for various reasons, certain neighborhoods are more attractive to buyers than others and the resulting demand raises the price for homes in the preferred neighborhood. In addition, condition affects property value. For two homes comparable in style, grade, and location, the better-maintained home will have a higher value.

This year’s analysis period (7/1/2021-6/30/2023) saw condos and “old style” properties coming in with higher ASR’s. Additionally, land sold for considerably higher than the assessed value, causing land values to increase this year.

## **How Property Taxes Are Assessed**

The Proposition 2 ½ tax limitation law sets the maximum amount a community may collect, or levy, from the property tax to 2.5 percent of the total full and fair cash value of all real and personal property in the community. Note that this refers to the total amount that the Town collects from the community and not the amount it collects from an individual taxpayer. Budgets must be made to fit within that limit (with the exception of any override(s) passed by the voters). The Town's operating budget is adopted at the Annual Town Meeting, including any capital requests and/or overrides. Then annually, the Assessors with the assistance of the Town's financial team (Town Accountant, Treasurer, Town Clerk, etc.) determine the amount that must be raised, less receipts and revenues, through property taxation. This figure, divided into the total assessed value of the Town's taxable property, determines the tax rate per \$1,000 of assessed value.

## **Determining the Tax Rate**

Before the tax rate can be set, the Town must decide if they want all property to be taxed at the same rate, or if they prefer separate rates for a certain class of property, such as commercial/industrial. So, the Assessors prepare tax rate shift worksheets showing various tax rate shift options and the effect on the tax rate to each property class. The Selectboard holds a Classification Hearing, whereby the Assessors present their information and make their recommendation for the Select Board to decide if there will be a single or multiple tax rate. Property values for each parcel are then multiplied by this tax rate, per \$1,000 of assessed value to generate the tax bills.

## **What If You Disagree with the Assessed Value of Your Property?**

Once the tax bills have been mailed, an aggrieved taxpayer may file for an abatement for any of the following reasons: overvaluation, disproportionate assessment, misclassification of real property or the taxpayer believes a statutory exemption should have applied. Abatement applications may be picked up at the Assessors' Office or printed from the website: [Board of Assessors - Town of Charlemont \(charlemont-ma.us\)](http://charlemont-ma.us) They must be filed with the Assessors within thirty days from the date the tax bills were mailed and should include information to support the claim, sufficient for the Assessors to make a determination on the application. In some cases, you may also need to allow a property inspection. If the Assessors do not grant the desired abatement, the taxpayer has the right to appeal to the State's Appellate Tax Board (ATB). The appeal must be filed within three months of the denial. Information and applications are available on the ATB website: [Appellate Tax Board | Mass.gov](http://Appellate Tax Board | Mass.gov).

For more specific questions or information, you can contact the Assessor's office at 413-339-8586, x2 or via email: [assessor@charlemont-ma.us](mailto:assessor@charlemont-ma.us).