



# **CITY OF BROCKTON**

**CITY COUNCIL**

**FISCAL YEAR 2020**

## **TAX RATE CLASSIFICATION HEARING**

**December 2, 2019**

**Presented by: The Board of Assessors**

**What is the purpose of this hearing?**

The purpose of this hearing is to establish the proportion of the tax levy raised by the residential and commercial class of property. This hearing is required under Massachusetts General Laws, Chapter 40, Section 56

**What is the Assessor's role in the budget process?**

The assessors' play only a limited role in determining the amount of taxes raised each year, by establishing the amount needed to be reserved for abatements and exemptions in the overlay. In the spring the Mayor presents the City Budget to the City Council, which then conducts budget hearings and approves or reduces recommended appropriations. These decisions determined if the property tax collected for fiscal year 2020 would be higher or lower than the property tax collected for fiscal year 2019.

The Assessors also determine the amount of new growth in property taxation each year. This is done by inspecting all new construction projects and inspecting existing properties with renovations to determine the increase in property value due to the construction and/or renovations. This new growth values proposed are approved by the Massachusetts Commissioner of Revenue.

The Assessors determine the value, based on use, of all taxable property in the City. These assessed values represent the value of the property as of January 1, 2019 for fiscal year 2020. These assessed values determine the proportion of the tax levy that each property owner will pay, if all properties were taxed at a single, uniform rate. The City Council will ultimately determine if instead, whether a proportion of the total levy will be shifted (or not) from residential property owners to commercial, industrial and personal property owners.

**What does it mean to adopt the residential factor?**

This is the purpose of the classification hearing. The City Council will decide how much of the tax levy the owners of residential properties will pay and how much of the tax levy the owners of commercial, industrial and personal property will pay. This decision is what creates two tax rates (or split tax rates) in the City of Brockton. Note: If there was NO shift there would be a single tax rate and the following would apply:

<b>Class</b>	<b>FY2020 value</b>	<b>% Value</b>	<b>% Tax</b>
Residential	\$ 7,030,307,902	83.43 %	83.43 %
Commercial	\$ 965,298,461	11.46%	11.46 %
Industrial	\$ 170,321,935	2.02 %	2.02 %
Personal	\$ 260,353,710	3.09 %	3.09 %
Total	\$8,426,282,008	100%	100%

This means the residential property make up 83.43% of the overall city value and therefore would pay 83.43% of the overall tax levy. The commercial property make up 11.46% of the overall value in the city and therefore would pay 11.46% of the overall tax levy and so on for industrial and personal property classes.

The Classification Hearing is when the City Council must decide on whether or not to shift more of the tax levy onto the commercial/industrial/personal property owners and less onto the residential property owners. By law, the maximum allowable shift for Brockton is 175% (Note: City Council shifted 173% the last two fiscal years). In the event City Council decides to shift 173% again this year, the process would be to multiply the (% value) of the commercial, industrial and personal property classes by 173% (1.73) to determine the increased percentage of the tax levy that those various classes will pay. By increasing those percentages, the residential percentage is lowered by 12.10%.

Class	FY2020 value	% Value	Shift	% Tax
Residential	\$ 6,010,466,957	83.43%	-	71.33%
Commercial	\$ 1,670,931,722	11.46%	173%	19.83%
Industrial	\$ 294,077,242	2.02%	173%	3.49%
Personal	\$ 450,806,087	3.09%	173%	5.35%
Total	\$8,426,282,008	100%		100%

Put another way, once the factor of 173% (1.73) is applied to commercial, industrial and personal property, those classes then become responsible for 28.67% of the tax levy. That number is then subtracted from 100% to arrive at the residential proportion of 71.33% of the tax levy.

So, if the City Council decides to shift 173%, the owners of commercial, industrial and personal property, which represents 16.57% of the taxable value become responsible for 28.67% of the tax levy. The result of this vote is that the residential property owners, whose property represents 83.43% of the taxable value, become responsible for 71.33% of the property tax levy.

The actual vote taken is on what residential factor to adopt. These residential factors result in the intended shift from the residential on to the commercial, industrial and personal property tax payers. This is the ultimate purpose of the classification hearing.

**What are the components of Proposition 2 ½?**

Proposition 2 ½ has two basic components. First, you cannot increase the prior year levy limit by more than 2.5% (plus new growth) without voter approval and second, your levy limit cannot exceed 2.5% of your total taxable value. Another way of stating the second

component is a community's tax rate cannot exceed \$25.00 per \$1,000 if the community has a single tax rate.

**Does the City Council have to sign something at the end of the classification hearing?**

Yes. The City Council must sign the form LA5. This is the form sent to the Department of Revenue as part of the tax recapitulation (Tax Recap) sheet and approval of the tax rates established at the classification hearing. These tax rates estimated for your review may be adjusted via rounding and subject to change of typically not greater than one to two pennies.

**What is "personal property"?**

Personal property is the inventory, furniture, machinery, and equipment used while conducting business. This is assessed to business owners. If the business is incorporated, it is exempt from certain personal property taxes (furniture and inventory are exempt for corporations).

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**Commonly Used Terms**

**New Growth:** Additions to the tax base from new construction and property improvements

**Levy:** Revenue raised through property taxes

**Levy Limit:** Maximum dollar amount a City can raise in a fiscal year.  
*(Prior years Levy + 2 ½% + New Growth)*

**Excess Levy Capacity:**  
Difference between the levy and the levy limit.

**CIP:** Class that includes Commercial, Industrial, & Personal Property.

**MRF:** Minimum Residential Factor. This factor represents the minimum percentage of the levy the residential class must pay.

**CITY OF BROCKTON  
FISCAL YEAR 2020  
CLASSIFICATION HEARING  
HISTORICAL TAX RATES**

<b>FISCAL YEAR</b>	<b>RESIDENTIAL</b>	<b>COMMERCIAL</b>
1984	\$ 23.21	\$ 30.00
1985	\$ 22.90	\$ 29.57
1986	\$ 22.56	\$ 29.22
1987	\$ 13.16	\$ 18.84
1988	\$ 13.60	\$ 19.57
1989	\$ 13.90	\$ 20.06
1990	\$ 9.95	\$ 15.66
1991	\$ 11.37	\$ 17.51
1992	\$ 13.13	\$ 19.69
1993	\$ 15.05	\$ 22.50
1994	\$ 17.20	\$ 25.25
1995	\$ 17.82	\$ 25.78
1996	\$ 19.60	\$ 28.84
1997	\$ 20.51	\$ 29.50
1998	\$ 20.82	\$ 29.88
1999	\$ 19.43	\$ 28.58
2000	\$ 18.06	\$ 28.51
2001	\$ 16.62	\$ 29.49
2002	\$ 13.91	\$ 28.23
2003	\$ 12.64	\$ 25.78
2004	\$ 11.51	\$ 22.94
2005	\$ 10.62	\$ 21.50
2006	\$ 9.54	\$ 18.89
2007	\$ 9.39	\$ 18.48
2008	\$ 9.60	\$ 19.34
2009	\$ 11.10	\$ 22.84
2010	\$ 13.77	\$ 28.24
2011	\$ 15.29	\$ 29.55
2012	\$ 16.12	\$ 29.96
2013	\$ 16.88	\$ 31.91
2014	\$ 18.13	\$ 33.96
2015	\$ 18.15	\$ 33.88
2016	\$ 17.36	\$ 32.02
2017	\$ 16.10	\$ 32.94
2018	\$ 16.06	\$ 33.23
2019	\$ 15.54	\$ 31.67

CITY OF BROCKTON  
FISCAL YEAR 2020  
CLASSIFICATION HEARING  
TOP TEN LIABILITY

	Owner of Record 1/1/2019	RE TAX LIABILITY	PERSONAL PROP LIABILITY	TOTAL TAX LIABILITY
1	MPT BROCKTON STEWARD LLC	\$ 2,225,064.53	\$ 298,982.22	\$ 2,524,046.75
2	COLUMBIA GAS OF MA ++	\$ 312,401.21	\$ 2,161,625.40	\$ 2,474,026.61
3	BOSTON EDISON COMPANY	\$ 41,665.05	\$ 1,610,696.93	\$ 1,652,361.98
4	NEW WESTGATE MALL LLC	\$ 1,064,901.28		\$ 1,064,901.28
5	VERIZON NEW ENGLAND LLC	\$ 288,665.72	\$ 488,022.03	\$ 776,687.75
6	HAJJAR MANAGEMENT CO INC	\$ 639,701.57		\$ 639,701.57
7	BEACON PINE GROVE ASSOC I ETAL	\$ 613,269.01	\$ 1,304.17	\$ 614,573.18
8	ACADIA CRESCENT PLAZA LLC	\$ 568,745.70		\$ 568,745.70
9	MCP II WEST CHESTNUT LLC	\$ 513,681.07		\$ 513,681.07
10	HARBOR ONE CREDIT UNION	\$ 490,280.10		\$ 490,280.10

**TOTAL REAL ESTATE LIABILITY \$ 6,758,375.24**

**TOTAL PERSONAL PROPERTY \$ 4,560,630.75**

**TOTAL TAX LIABILITY \$ 11,319,005.99**



**CITY OF BROCKTON  
FISCAL YEAR 2020  
CLASSIFICATION HEARING  
COMMERCIAL TAX RATES**

<b>CONTIGUOUS TOWNS</b>		<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>STOUGHTON</b>		\$ 25.79	26.14	26.73
<b>RANDOLPH</b>		\$ 31.83	30.39	29.01
<b>TAUNTON</b>		\$ 34.70	34.44	34.24
<b>WEYMOUTH</b>		\$ 20.20	19.67	19.05
<b>BRAINTREE</b>		\$ 23.72	23.37	22.2
<b>QUINCY</b>		\$ 28.71	27.04	25.18
<b>FALL RIVER</b>		\$ 30.64	31.12	31.36
<b>NEW BEDFORD</b>		\$ 35.83	35.65	34.84
<b>BROCKTON</b>		\$ 32.94	\$33.23	\$31.67



**BROCKTON**

**ASSESSMENT/  
CLASSIFICATION REPORT**

Fiscal Year

2020

as of January 1st 2019

PROPERTY TYPE	PciCnt	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PERSONAL
101	16,701	\$ 4,861,844,700			
102	2,111	\$ 315,373,100			
Misc,103,109,140	68	\$ 29,687,300			
104	2,014	\$ 690,900,234			
105	1,505	\$ 613,209,700			
111-125	397	\$ 444,356,580			
130-32,106	1,311	\$ 38,048,100			
200-231	-				
300-393	1,442		\$ 936,968,325		
400-452	268		\$ 170,321,935		
Chap 61	-				
Chap 61A	15		\$ 113,315		
Chap 61B	7		\$ 2,525,519		
012-043	125	\$ 36,888,098	\$ 25,691,302		
501	655				\$ 22,989,470.00
502	888				\$ 69,666,370.00
503	-				
504,550-2	4				\$ 129,936,370.00
505	6				\$ 16,099,200.00
506	1				\$ 16,903,300.00
508	4				\$ 4,759,000.00
<b>Sub-Total</b>	<b>27,522</b>	<b>\$ 7,030,307,902</b>	<b>\$ 965,298,461</b>	<b>\$ 170,321,935</b>	<b>\$ 260,353,710.00</b>
<b>Real &amp; Personal</b>		<b>\$ 8,426,282,008</b>			
<b>Exempt Value</b>	<b>1174</b>	<b>\$ 1,231,875,600</b>			

CITY OF BROCKTON

FISCAL YEAR 2020

CLASSIFICATION HEARING

**PROPERTY VALUES BY CLASS**

**Residential Property Class**

Property Type	Parcel Count	Assessment Value	Percent of Value
Single Family	16,701	\$4,861,844,700	57.70%
Condominium	2,111	\$315,373,100	3.74%
Miscellaneous	68	\$29,687,300	.35%
Two-Family	2,014	\$690,900,324	8.20%
Three Family	1,505	\$613,209,700	7.28%
Apartments	397	\$444,356,580	5.27%
Vacant Land	1,311	\$38,048,100	.45%
Mixed Use Residential	120	\$36,888,098	.44%
<b>Total Residential</b>	<b>24,227</b>	<b>\$7,030,307,902</b>	<b>83.43%</b>

**Commercial/Industrial/Personal Property Class**

Property Type	Parcel Count	Assessment Value	Percent of Value
Commercial	1,442	\$936,968,325	11.12%
Industrial	268	\$170,321,935	2.02%
Ch 61A (Agriculture)	15	\$113,315	
Ch 61B (Golf Courses)	7	\$2,525,519	.03%
Mixed Use Commercial	5	\$25,691,302	.30%
Personal Property (501)	655	\$22,989,470	.27%
Personal Property (502)	888	\$69,666,370	.83%
Personal Prop (504-508)	15	\$167,697,870	1.99%
<b>Total C/I/P</b>	<b>3,295</b>	<b>\$1,395,974,106</b>	<b>16.57%</b>

**Total Value: \$8,426,282,008**

MassDOR-Massachusetts Department of Revenue										
Division of Local Services										
LA4 Comparison Report FY 2020										
Property Type	Description	FY 2019 Parcel Count	FY 2019 Assessed Values	FY 2020 Parcel Count	FY 2020 Assessed Values	Parcel Difference	Parcel % Difference	Assessed Value Difference	Assessed Value % Difference	
101	Single Family	16,676	4,510,950,600	16,701	4,861,844,700	25	0.1%	350,894,100	7.8%	
102	Condominiums	2,120	282,410,500	2,111	315,373,100	-9	-0.4%	32,962,600	11.7%	
MISC 103,109	Miscellaneous Residential	70	26,586,900	68	29,687,300	-2	2.9%	3,100,400	11.7%	
104	Two - Family	2,008	663,664,824	2,014	690,900,324	6	0.3%	27,235,500	4.1%	
105	Three - Family	1,505	575,388,700	1,505	613,209,700	0	0.0%	37,821,000	6.6%	
111-125	Apartment	394	368,088,200	397	444,356,580	3	0.8%	76,268,380	20.7%	
130-32,106	Vacant / Accessory Land	1,356	38,019,700	1,311	38,048,100	-45	-3.3%	28,400	0.1%	
300-393	Commercial	1,444	909,764,932	1,442	936,968,325	-2	-0.1%	27,203,393	3.0%	
400-442	Industrial	271	161,443,435	268	170,321,935	-3	-1.1%	8,878,500	5.5%	
CH 61A LAND	Agriculture	15	122,295	15	113,315	0		1,020	0.9%	
CH 61B LAND	Recreational	7	2,525,555	7	2,525,519	0		-36		
012-043	Multi-use - Residential	127	31,542,597	125	36,888,098	-2	-1.6%	5,345,501	16.9%	
012-043	Multi-use - Commercial		22,611,203		25,691,302			3,080,099	13.6%	
501	Individuals / Partnerships / Asscs / Trusts / LLC	677	21,081,940	655	22,989,470	-22	-3.2%	1,907,560	9.0%	
502	Corporations	934	66,330,400	888	69,666,370	-46	-4.9%	3,335,970	5.0%	
504	Public Utilities	4	123,578,250	4	129,936,370	0		6,358,120	5.1%	
505	Centrally Valued Telephone	7	16,627,200	6	16,099,200	-1	-14.3%	-528,000	-3.2%	
506	Centrally Valued Pipelines	1	16,758,600	1	16,903,300	0		144,700	0.9%	
508	Wireless Telephone	4	6,009,660	4	4,759,000	0		-1,250,660	-20.8%	
900-990	Exempt Property	1,180	1,118,058,200	1,174	1,231,675,600	-6	0.5%	113,617,400	10.2%	
Total Class 1	TOTAL RESIDENTIAL	24,256	6,496,652,021	24,232	7,030,307,902	12	0.0%	533,655,881	8.2%	
Total Class 3	TOTAL COMMERCIAL	1,466	935,013,985	1,442	965,298,461	-2	-0.1%	30,284,476	3.2%	
Total Class 4	TOTAL INDUSTRIAL	271	161,443,435	268	170,321,935	-3	-1.1%	8,878,500	5.5%	
Total Class 5	TOTAL PERSONAL PROPERTY	1,627	250,386,020	1,558	260,353,710	34	2.1%	9,967,690	4.0%	
<b>Total Taxable</b>	<b>TOTAL REAL &amp; PERSONAL</b>	<b>27,620</b>	<b>7,843,495,461</b>	<b>27,522</b>	<b>8,426,282,008</b>	<b>41</b>	<b>0.1%</b>	<b>582,786,547</b>	<b>7.4%</b>	

**CITY OF BROCKTON**  
**BOARD OF ASSESSORS**  
**TOTAL TAXABLE VALUE**

<b>YEAR</b>	<b>TOTAL VALUE</b>	<b>PCT. CHANGE</b>
2000	\$ 3,176,017,855	7.55%
2001	\$ 3,459,172,040	8.92%
2002	\$ 4,341,613,580	25.51%
2003	\$ 5,002,305,886	15.22%
2004	\$ 5,821,685,828	16.38%
2005	\$ 6,679,639,761	14.74%
2006	\$ 7,757,717,940	16.14%
2007	\$ 8,230,247,748	6.09%
2008	\$ 8,156,759,550	-0.89%
2009	\$ 7,174,223,590	-12.05%
2010	\$ 5,868,201,889	-18.20%
2011	\$ 5,629,195,195	-4.07%
2012	\$ 5,634,634,091	0.10%
2013	\$ 5,486,239,872	-2.63%
2014	\$ 5,362,178,891	2.26%
2015	\$ 5,462,968,131	1.88%
2016	\$ 6,104,303,935	11.74%
2017	\$ 6,688,597,389	9.57%
2018	\$ 7,172,980,786	7.24%
2019	\$ 7,843,495,461	9.35%
2020	\$ 8,426,282,008	7.43%

**Levy Limit  
 Fiscal Year 2020**

FOR BUDGET PLANNING PURPOSES

**I. TO CALCULATE THE FY 2019 LEVY LIMIT**

A. FY 2018 Levy Limit	137,859,951	
A1. ADD Amended FY 2018 Growth	0	
B. ADD (IA + IA1)*2.5%	3,446,499	
C. ADD FY 2019 New Growth	2,368,313	
C1. ADD FY 2019 New Growth Adjustment	0	
D. ADD FY 2019 Override	0	
E. FY 2019 Subtotal	<u>143,674,763</u>	
F. FY 2019 Levy Ceiling	196,087,387	I. <u>143,674,763</u>
		<b>FY 2019 Levy Limit</b>

**II. TO CALCULATE THE FY 2020 LEVY LIMIT**

A. FY 2019 Levy Limit from I	143,674,763	
A1. Amended FY 2019 Growth	0	
B. ADD (IIA + IIA1)*2.5%	3,591,869	
C. ADD FY 2020 New Growth	1,769,849	
C1. ADD FY 2020 New Growth Adjustment	0	
D. ADD FY 2020 Override	0	
E. ADD FY 2020 Subtotal	<u>149,036,481</u>	
F. FY 2020 Levy Ceiling	210,657,050	II. <u>149,036,481</u>
		<b>FY 2020 Levy Limit</b>

**III. TO CALCULATE THE FY 2020 MAXIMUM ALLOWABLE LEVY**

A. FY 2020 Levy Limit from II.	149,036,481
B. FY 2020 Debt Exclusion(s)	0
C. FY 2020 Capital Expenditure Exclusion(s)	0
D. FY 2020 Stabilization Fund Override	0
E. FY 2020 Other Adjustment :	0
F. FY 2020 Water/Sewer	0
G. FY 2020 Maximum Allowable Levy	<u>149,036,481</u>

**Signatures**

No signatures to display.

**Documents**

No documents have been uploaded.

**NOTE : The information is preliminary and is subject to change.**

# FY 2020 New Growth

CATEGORY	NEW GROWTH VALUATION	TAX LEVY GROWTH
Residential	\$35,676,410	\$554,411
Commercial	\$5,115,885	\$162,020
Industrial	\$2,515,500	\$79,666
Personal Property	\$30,746,820	\$973,752
<b>Total All Classes</b>	<b>\$74,054,615</b>	<b>\$1,769,849</b>

**CITY OF BROCKTON  
FY 2020  
CLASSIFICATION HEARING  
TAX BASE ANALYSIS**

<b>FISCAL YEAR</b>	<b>PREVIOUS LEVY LIMIT</b>	<b>2.5% INCREASE</b>	<b>NEW GROWTH</b>	<b>NEW LEVY LIMIT</b>	<b>ACTUAL LEVY</b>	<b>UNUSED LEVY</b>
2005	\$ 80,110,256	\$ 2,002,756	\$ 1,056,783	\$ 83,169,795	\$ 83,169,795	0
2006	\$ 83,169,795	\$ 2,079,245	\$ 992,388	\$ 86,241,428	\$ 86,241,428	0
2007	\$ 86,241,428	\$ 2,156,036	\$ 1,162,450	\$ 89,559,914	\$ 89,559,914	0
2008	\$ 89,559,914	\$ 2,238,998	\$ 977,609	\$ 92,776,521	\$ 92,776,521	0
2009	\$ 92,776,521	\$ 2,319,413	\$ 1,347,083	\$ 96,443,017	\$ 96,443,017	0
2010	\$ 96,443,017	\$ 2,411,075	\$ 1,010,677	\$ 99,864,769	\$ 99,864,769	0
2011	\$ 99,864,769	\$ 2,496,619	\$ 980,659	\$ 103,342,047	\$ 103,342,047	0
2012	\$ 103,342,047	\$ 2,583,551	\$ 2,336,369	\$ 108,261,967	\$ 108,261,967	0
2013	\$ 108,261,967	\$ 2,706,549	\$ 1,537,658	\$ 112,506,174	\$ 112,506,174	0
2014	\$ 112,506,174	\$ 2,812,654	\$ 1,425,808	\$ 116,744,636	\$ 116,744,636	0
2015	\$ 116,744,636	\$ 2,918,616	\$ 1,416,742	\$ 121,079,995	\$ 118,661,379	\$ 2,418,618
2016	\$ 121,079,995	\$ 3,027,000	\$ 2,938,438	\$ 127,045,434	\$ 124,534,892	\$ 2,510,542
2017	\$ 127,045,434	\$ 3,176,136	\$ 2,259,383	\$ 132,480,953	\$ 129,575,166	\$ 2,905,427
2018	\$ 132,480,593	\$ 3,312,024	\$ 2,066,974	\$ 137,859,951	\$ 137,859,951	0
2019	\$ 137,859,951	\$ 3,446,499	\$ 2,368,313	\$ 143,674,763	\$ 143,674,763	0
2020	\$ 143,674,763	\$ 3,591,869	\$ 1,769,849	\$ 149,036,481	\$ 149,036,481	0

**CITY OF BROCKTON**  
**FY 2020**  
**CLASSIFICATION HEARING**  
**HISTORICAL LEVY AMOUNTS AND LEVY INCREASES**

<b>FISCAL YEAR</b>	<b>LEVY</b>	<b>INCREASE</b>	<b>PERCENT</b>	<b>RES. SHARE</b>	<b>COMM. SHARE</b>
2000	\$ 68,233,483	\$ 2,389,206	3.5%	63.90%	36.1%
2001	\$ 70,513,340	\$ 2,279,857	3.2%	64.60%	35.4%
2002	\$ 73,993,881	\$ 3,480,541	4.7%	65.10%	34.90%
2003	\$ 77,162,855	\$ 3,168,974	4.1%	67.40%	32.60%
2004	\$ 80,110,256	\$ 2,947,401	3.7%	70.50%	29.50%
2005	\$ 83,169,795	\$ 3,059,539	3.7%	71.00%	29.00%
2006	\$ 86,241,428	\$ 3,071,633	3.6%	71.40%	28.60%
2007	\$ 89,559,914	\$ 3,318,486	3.7%	72.30%	27.70%
2008	\$ 92,776,521	\$ 3,216,607	3.5%	69.04%	30.96%
2009	\$ 96,443,017	\$ 3,666,496	3.8%	66.20%	33.80%
2010	\$ 99,864,769	\$ 3,421,782	3.4%	62.81%	37.19%
2011	\$ 103,342,047	\$ 3,477,278	3.4%	65.37%	34.03%
2012	\$ 108,261,967	\$ 4,919,920	4.5%	65.39%	34.61%
2013	\$ 112,506,174	\$ 4,244,207	3.8%	64.03%	35.97%
2014	\$ 116,744,636	\$ 4,238,462	3.6%	64.12%	35.88%
2015	\$ 118,661,379	\$ 1,916,743	1.6%	64.60%	35.40%
2016	\$ 124,534,892	\$ 5,873,516	4.7%	67.49%	32.51%
2017	\$ 129,575,166	\$ 5,040,274	3.9%	66.93%	33.07%
2018	\$ 137,859,951	\$ 8,284,785	6.0%	68.27%	31.73%
2019	\$ 143,674,763	\$ 5,814,812	4.0%	70.30%	29.70%
2020	\$ 149,036,481	\$ 5,361,718	3.6%		



**CITY OF BROCKTON**

**FY2020**

**CLASSIFICATION HEARING**

**SHIFT FACTOR AND AVERAGE RESIDENTIAL AND COMMERCIAL CHANGES**

<u>FISCAL YEAR</u>	<u>SHIFT FACTOR</u>	<u>AVG. SINGLE FAM. CHANGE</u>	<u>AVG. C/I CHANGE</u>
2000	1.37	\$ 21.56	\$ 107.53
2001	1.50	\$ 131.23	\$ 156.28
2002	1.67	\$ 99.81	\$ 213.59
2003	1.70	\$ 136.26	\$ (203.52)
2004	1.70	\$ 151.90	\$ (471.52)
2005	1.72	\$ 98.70	\$ 406.37
2006	1.70	\$ 94.22	\$ 69.25
2007	1.70	\$ 84.28	\$ 357.15
2008	1.70	\$ (80.48)	\$ (166.89)
2009	1.70	\$ (22.43)	\$ 321.80
2010	1.66	\$ 51.97	\$ 969.47
2011	1.61	\$ 227.98	\$ (23.00)
2012	1.56	\$ 150.58	\$ 172.03
2013	1.57	\$ (3.59)	\$ 451.81
2014	1.56	\$ 137.73	\$ 393.92
2015	1.56	\$ 37.87	\$ 59.14
2016	1.57	\$ 228.60	\$ (321.70)
2017	1.70	\$ 100.48	\$ 371.70
2018	1.73	\$ 300.00	\$ 723.45
2019	1.73	\$ 285.96	\$ (346.43)

CLASS	Percent of Value	FY2019 Tax Shift <b>CHOSEN</b>	Percent of Tax
Residential	82.83		70.30
Commercial	11.92	<b>173</b>	20.62
Industrial	2.06	<b>173</b>	3.56
Personal	3.19	<b>173</b>	5.52
	<u>100.00</u>		<u>100.00</u>

CLASS	Percent of Value	FY2020 Tax Shift <b>WHAT IF</b>	Percent of Tax
Residential	83.43		72.66
Commercial	11.46	165	18.91
Industrial	2.02	165	3.33
Personal	3.09	165	5.10
	<u>100.00</u>		<u>100.00</u>

Residential	83.43		72.33
Commercial	11.46	167	19.14
Industrial	2.02	167	3.37
Personal	3.09	167	5.16
	<u>100.00</u>		<u>100.00</u>

Residential	83.43		71.84
Commercial	11.46	170	19.48
Industrial	2.02	170	3.43
Personal	3.09	170	5.25
	<u>100.00</u>		<u>100.00</u>

Residential	83.43		71.33
Commercial	11.46	173	19.83
Industrial	2.02	173	3.49
Personal	3.09	173	5.35
	<u>100.00</u>		<u>100.00</u>

Residential	83.43		70.99
Commercial	11.46	175	20.06
Industrial	2.02	175	3.54
Personal	3.09	175	5.41
	<u>100.00</u>		<u>100.00</u>

**CITY OF BROCKTON  
FISCAL YEAR 2020  
CLASSIFICATION HEARING**

**IMPACT CALCULATIONS ON VARIOUS PROPERTY CLASSES USING AVERAGE AND MEDIAN VALUES**

<b>AVERAGES</b>	<b>SINGLE FAMILY</b>	<b>TWO FAMILY</b>	<b>THREE FAMILY</b>	<b>COMMERCIAL</b>	<b>INDUSTRIAL</b>
FY 2019 Value	270,506.00	330,510.00	382,367.00	630,031.00	595,733.00
FY 2019 Tax Rate	15.54	15.54	15.54	31.67	31.67
FY 2019 Tax Bill	4,203.66	5,136.13	5,941.98	19,953.08	18,866.86
FY 2020 Value	<b>291,111.00</b>	<b>343,049.00</b>	<b>407,448.00</b>	<b>661,532.00</b>	<b>625,520.00</b>

<b>Shift Percent</b>	<b>Tax Dollars</b>	<b>Tax Dollars</b>	<b>Tax Dollars</b>	<b>Tax Dollars</b>	<b>Tax Dollars</b>	<b>Res.</b>	<b>Comm.</b>
<b>Selected</b>	<b>Single Family</b>	<b>Two Family</b>	<b>Three Family</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Tax Rate</b>	<b>Tax Rate</b>
100%	\$ 946.09	\$ 1,336.21	\$ 1,557.10	\$ (8,520.58)	\$ (7,801.41)	\$ 17.69	\$ 17.69
155%	\$ 384.23	\$ 270.32	\$ 479.40	\$ (1,820.49)	\$ (1,721.36)	\$ 15.76	\$ 27.41
156%	\$ 372.59	\$ 256.60	\$ 463.10	\$ (1,701.41)	\$ (1,608.76)	\$ 15.72	\$ 27.59
157%	\$ 363.87	\$ 246.31	\$ 450.88	\$ (1,582.34)	\$ (1,496.17)	\$ 15.69	\$ 27.77
158%	\$ 352.23	\$ 232.59	\$ 435.21	\$ (1,463.26)	\$ (1,383.58)	\$ 15.65	\$ 27.95
159%	\$ 340.58	\$ 218.86	\$ 418.28	\$ (1,350.80)	\$ (1,277.24)	\$ 15.61	\$ 28.12
160%	\$ 331.85	\$ 208.57	\$ 406.60	\$ (1,231.72)	\$ (1,164.64)	\$ 15.58	\$ 28.30
161%	\$ 320.20	\$ 194.85	\$ 389.76	\$ (1,112.65)	\$ (1,052.05)	\$ 15.54	\$ 28.48
162%	\$ 311.47	\$ 184.56	\$ 377.54	\$ (1,000.19)	\$ (945.71)	\$ 15.51	\$ 28.65
163%	\$ 299.83	\$ 170.83	\$ 361.24	\$ (881.11)	\$ (833.12)	\$ 15.47	\$ 28.83
164%	\$ 291.09	\$ 160.55	\$ 349.02	\$ (762.04)	\$ (720.52)	\$ 15.44	\$ 29.01
165%	\$ 279.45	\$ 146.82	\$ 332.72	\$ (649.58)	\$ (614.19)	\$ 15.40	\$ 29.18
166%	\$ 270.72	\$ 136.53	\$ 320.50	\$ (530.50)	\$ (501.59)	\$ 15.37	\$ 29.36
167%	\$ 259.07	\$ 122.81	\$ 304.20	\$ (411.43)	\$ (389.00)	\$ 15.33	\$ 29.54
168%	\$ 250.34	\$ 112.52	\$ 291.97	\$ (298.96)	\$ (282.66)	\$ 15.30	\$ 29.71
169%	\$ 238.69	\$ 98.80	\$ 275.68	\$ (179.89)	\$ (170.07)	\$ 15.26	\$ 29.89
170%	\$ 229.96	\$ 88.51	\$ 263.45	\$ (60.81)	\$ (57.47)	\$ 15.23	\$ 30.07
171%	\$ 218.32	\$ 74.78	\$ 247.16	\$ 51.65	\$ 48.86	\$ 15.19	\$ 30.24
172%	\$ 209.58	\$ 64.49	\$ 234.93	\$ 170.72	\$ 161.46	\$ 15.16	\$ 30.42
173%	<b>\$ 197.94</b>	<b>\$ 50.77</b>	<b>\$ 218.64</b>	<b>\$ 342.72</b>	<b>\$ 324.09</b>	<b>\$ 15.12</b>	<b>\$ 30.60</b>
174%	\$ 189.20	\$ 40.48	\$ 206.41	\$ 408.87	\$ 386.65	\$ 15.09	\$ 30.78
175%	\$ 177.90	\$ 26.76	\$ 190.11	\$ 521.34	\$ 492.98	\$ 15.05	\$ 30.95

**CITY OF BROCKTON  
FISCAL YEAR 2020  
CLASSIFICATION HEARING**

**IMPACT CALCULATIONS ON VARIOUS PROPERTY CLASSES USING AVERAGE AND MEDIAN VALUES**

<b>MEDIANS</b>	<b>SINGLE FAMILY</b>	<b>TWO FAMILY</b>	<b>THREE FAMILY</b>	<b>COMMERCIAL</b>	<b>INDUSTRIAL</b>
<b>FY 2019 Value</b>	261,200.00	331,450.00	383,700.00	240,750.00	254,300.00
<b>FY 2019 Tax Rate</b>	15.54	15.54	15.54	31.67	31.67
<b>FY 2019 Tax Bill</b>	4,059.05	5,150.73	5,962.70	7,624.55	8,053.69
<b>FY 2020 Value</b>	<b>280,100.00</b>	<b>339,200.00</b>	<b>405,800.00</b>	<b>252,786.00</b>	<b>267,015.00</b>

<b>Shift Percent Selected</b>	<b>Tax Dollars Single Family</b>	<b>Tax Dollars Two Family</b>	<b>Tax Dollars Three Family</b>	<b>Tax Dollars Commercial</b>	<b>Tax Dollars Industrial</b>	<b>Res. Tax Rate</b>	<b>Comm. Tax Rate</b>
100%	\$ 895.92	\$ 849.72	\$ 1,268.97	\$ (3,152.77)	\$ (3,535.74)	\$ 17.69	\$ 17.69
155%	\$ 371.09	\$ 195.06	\$ 432.71	\$ (695.69)	\$ (734.71)	\$ 15.76	\$ 27.41
156%	\$ 344.12	\$ 181.49	\$ 416.48	\$ (650.18)	\$ (686.75)	\$ 15.72	\$ 27.59
157%	\$ 335.72	\$ 171.32	\$ 404.30	\$ (604.68)	\$ (638.68)	\$ 15.69	\$ 27.77
158%	\$ 324.52	\$ 157.75	\$ 388.07	\$ (559.18)	\$ (590.62)	\$ 15.65	\$ 27.95
159%	\$ 313.31	\$ 144.18	\$ 371.84	\$ (516.21)	\$ (545.23)	\$ 15.61	\$ 28.12
160%	\$ 304.91	\$ 134.01	\$ 359.66	\$ (470.71)	\$ (497.17)	\$ 15.58	\$ 28.30
161%	\$ 293.70	\$ 120.44	\$ 343.43	\$ (425.20)	\$ (449.10)	\$ 15.54	\$ 28.48
162%	\$ 285.30	\$ 110.26	\$ 331.26	\$ (382.23)	\$ (403.71)	\$ 15.51	\$ 28.65
163%	\$ 274.10	\$ 96.69	\$ 315.03	\$ (336.73)	\$ (355.65)	\$ 15.47	\$ 28.83
164%	\$ 265.69	\$ 86.52	\$ 302.85	\$ (291.23)	\$ (307.58)	\$ 15.44	\$ 29.01
165%	\$ 254.49	\$ 72.95	\$ 286.62	\$ (248.25)	\$ (262.19)	\$ 15.40	\$ 29.18
166%	\$ 246.09	\$ 62.77	\$ 274.45	\$ (202.75)	\$ (214.13)	\$ 15.37	\$ 29.36
167%	\$ 234.88	\$ 49.21	\$ 258.21	\$ (157.25)	\$ (166.07)	\$ 15.33	\$ 29.54
168%	\$ 226.48	\$ 39.03	\$ 246.04	\$ (114.28)	\$ (120.67)	\$ 15.30	\$ 29.71
169%	\$ 215.28	\$ 25.46	\$ 229.81	\$ (68.77)	\$ (72.61)	\$ 15.26	\$ 29.89
170%	\$ 206.87	\$ 15.29	\$ 217.63	\$ (23.27)	\$ (24.55)	\$ 15.23	\$ 30.07
171%	\$ 195.67	\$ 1.72	\$ 201.40	\$ 19.70	\$ 20.84	\$ 15.19	\$ 30.24
172%	\$ 187.27	\$ (8.46)	\$ 189.23	\$ 65.20	\$ 68.91	\$ 15.16	\$ 30.42
173%	\$ 176.06	\$ (22.03)	\$ 173.00	\$ 110.70	\$ 116.97	\$ 15.12	\$ 30.60
174%	\$ 167.66	\$ (32.20)	\$ 160.82	\$ 156.20	\$ 165.03	\$ 15.09	\$ 30.78
175%	\$ 156.46	\$ (45.77)	\$ 144.59	\$ 199.18	\$ 210.42	\$ 15.05	\$ 30.95

# **LEVY LIMITS: A PRIMER ON PROPOSITION 2 ½**

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# **DLS**

**DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE**

## **Introduction**

The Division of Local Services has developed this primer to guide local officials through the mechanics of Proposition 2½. Proposition 2½ revolutionized property tax administration and is a fundamental feature of the Massachusetts municipal fiscal landscape. Yet there is still some confusion about its meaning for cities and towns, particularly because the law is complex and has undergone a number of changes since Proposition 2½ was enacted in 1980.

The purpose of this primer is to explain, as simply as possible, the basic provisions of Proposition 2½. We focus in particular on those aspects of the law that we have found to cause the most confusion, for example: the ways in which Proposition 2½ limits the property tax, how the levy limit is calculated, how an override differs from a debt exclusion or capital outlay expenditure exclusion, and how new growth works.

With the help of this primer, a local official should be able to understand the fundamentals of Proposition 2½. However, this primer is not intended as a substitute for legal guidance on a community's options and obligations under the law. If you have any questions, please refer to the Resources section included in this primer and contact the Division of Local Services for assistance and information.

We hope this primer will help you grasp the basic concepts of Proposition 2½ and act on behalf of your community with a better understanding of the law. We welcome questions and comments on this publication.

### How is a Levy Ceiling Changed?

The total full and fair cash value of taxable real and personal property in a community usually changes each year as properties are added or removed from the tax roll and market values increase or decrease. This also changes the levy ceiling. See *Figure 2*.

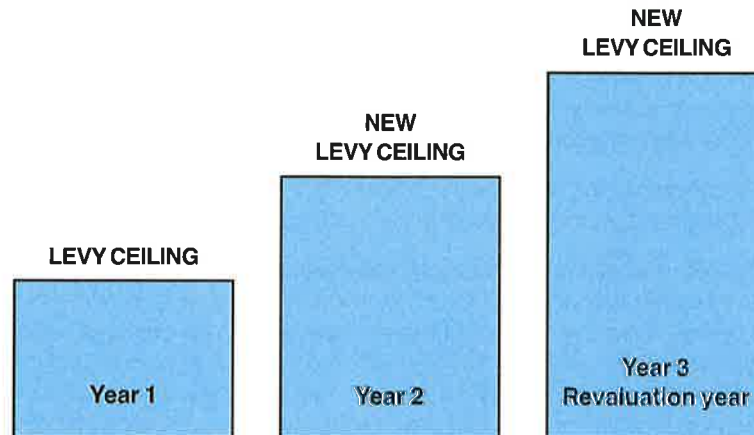


Figure 2

### How is a Levy Limit Calculated?

A levy limit for each community is calculated annually by the Department of Revenue. It is important to note that a community's levy limit is based on the previous year's levy limit and not on the previous year's actual levy.

Each step in the example below is detailed in other sections of this primer. A levy limit is calculated by:

Taking the previous year's levy limit and increasing it by 2.5%:	
<b>A. FY2007 Levy Limit</b>	<b>\$1,000,000</b>
<b>B. (A) x 2.5%</b>	<b>+ \$25,000</b>
Adding to the levy limit amounts of certified new growth added to the community's property tax base:	
<b>C. FY2008 New Growth</b>	<b>+ \$15,000</b>
Adding to the levy limit amounts authorized by override votes:	
<b>D. FY2008 Override</b>	<b>+ \$100,000</b>
<b>E. FY2008 Subtotal (A+B+C+D)</b>	<b>= \$1,140,000</b>
Comparing the FY2008 levy limit to the FY2008 levy ceiling and applying the lesser number (compare E and F):	
<b>F. FY2008 Levy Ceiling</b>	<b>\$2,500,000</b>
	<b><u>\$1,140,000</u></b>
<b>Applicable FY2008 Levy Limit</b>	
<b>(Lesser of E and F)</b>	

This community's levy limit, the maximum amount in real and personal property taxes it can levy, is \$1,140,000 for FY2008. How much of this amount the community actually wants to use — that is, the amount of the levy — is up to the discretion of local officials. The community can levy up to or at any level below the entire levy limit amount, regardless of what its levy was in the previous year. Levy increases are discussed on page 13.

## How Can a Community Levy Taxes in Excess of its Levy Limit or Levy Ceiling?

A community can assess taxes in excess of its levy limit or levy ceiling by successfully voting a debt exclusion or capital outlay expenditure exclusion. The amount of the exclusion does not become a permanent part of the levy limit base, but allows a community to assess taxes for a certain period of time in excess of its levy limit or levy ceiling for the payment of certain debt service costs or for the payment of certain capital outlay expenditures. See *Figures 4a and 4b*.

In *Figure 4a* the debt exclusion or capital outlay expenditure exclusion gives the community temporary additional taxing capacity over and above its levy limit, but below its levy ceiling.

In *Figure 4b* the debt exclusion or capital outlay expenditure exclusion gives the community temporary additional taxing capacity that is over and above not only its levy limit, but also its levy ceiling.

For more information on debt exclusions and capital outlay expenditure exclusions, see page 10.

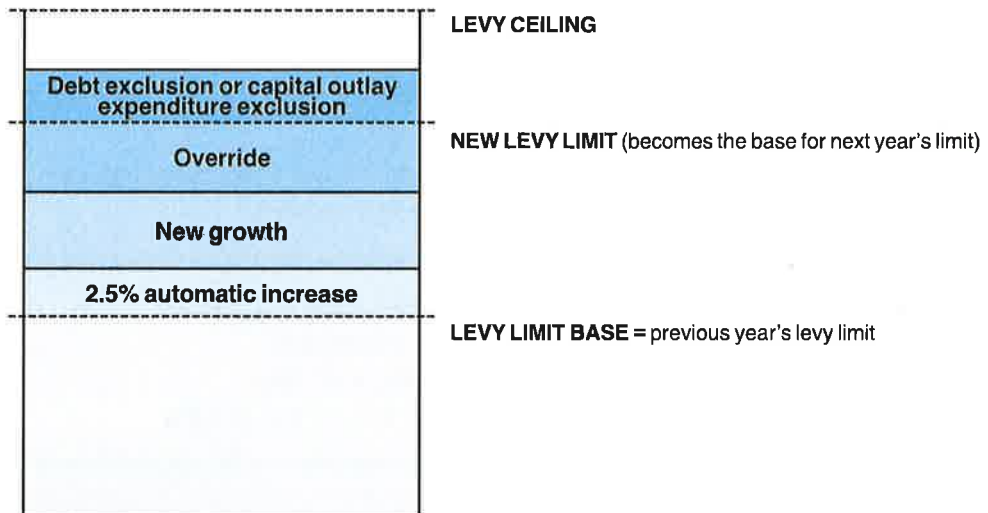


Figure 4a

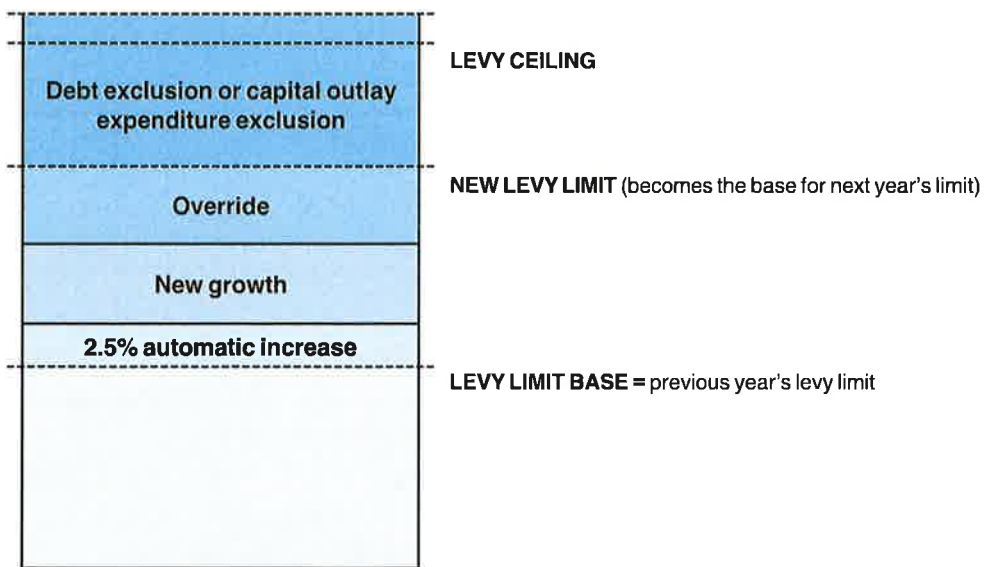


Figure 4b



New growth becomes part of the levy limit base, and thus increases at the rate of 2.5 percent each year as the levy limit increases. Reporting of new growth provides a community with an opportunity to increase its levy limit, which can provide for added budget flexibility in the future. Boards of Assessors are required to report new growth each year as a part of setting the tax rate.

### What is an Override?

Proposition 2½ allows a community to assess taxes in excess of the automatic annual 2.5 percent increase and any increase due to new growth by passing an **override**. A community may take this action as long as it is below its levy ceiling, or 2.5 percent of full and fair cash value. An override cannot increase a community's levy limit above the level of the community's levy ceiling.

When an override is passed, the levy limit for the year is calculated by including the amount of the override. The override results in a permanent increase in the levy limit of a community, which as part of the levy limit base, increases at the rate of 2.5 percent each year.

A majority vote of a community's selectmen, or town or city council (with the mayor's approval if required by law) allows an override question to be placed on the ballot. Override questions must be presented in dollar terms and must specify the purpose of the override. Overrides require a majority vote of approval by the electorate.

Below we highlight where the amount of an override is added in the calculation of the levy limit:

Taking the previous year's levy limit and increasing it by 2.5%:	
<b>A. FY2007 Levy Limit</b>	<b>\$1,000,000</b>
<b>B. (A) x 2.5%</b>	<b>+ \$25,000</b>
Adding to the levy limit amounts of certified new growth added to the community's property tax base:	
<b>C. FY2008 New Growth</b>	<b>+ \$15,000</b>
Adding to the levy limit amounts authorized by override votes:	
<b>D. FY2008 Override</b>	<b>+ \$100,000</b>
<b>E. FY2008 Subtotal (A+B+C+D)</b>	<b>= \$1,140,000</b>
Comparing the FY2008 levy limit to the FY2008 levy ceiling and applying the lesser number (compare E and F):	
<b>F. FY2008 Levy Ceiling</b>	<b>\$2,500,000</b>
	<b>\$1,140,000</b>
<b>Applicable FY2008 Levy Limit (Lesser of E and F)</b>	

The community can levy up to its levy limit of \$1,140,000 in FY2008.

Below we highlight how exclusions are added to the levy limit:

Taking the previous year's levy limit and increasing it by 2.5%:

<b>A. FY2007 Levy Limit</b>	<b>\$ 1,000,000</b>
<b>B. (A) x 2.5%</b>	<b>+ \$25,000</b>

Adding to the levy limit amounts of certified new growth added to the community's property tax base:

<b>C. FY2008 New Growth</b>	<b>+ \$15,000</b>
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Adding to the levy limit amounts authorized by override votes:

<b>D. FY2008 Override</b>	<b>+ \$100,000</b>
<b>E. FY2008 Subtotal (A+B+C+D)</b>	<b>= \$1,140,000</b>

Comparing the FY2008 levy limit to the FY2008 levy ceiling and applying the lesser number (compare E and F):

<b>F. FY2008 Levy Ceiling</b>	<b>\$2,500,000</b>
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**\$1,140,000**

**Applicable FY2008 Levy Limit  
(Lesser of E and F)**

Calculating FY2008 levy limit with debt exclusion or capital outlay expenditure exclusion:

<b>H. FY2008 Levy Limit</b>	<b>\$ 1,140,000</b>
<b>I. Add FY2008 Debt Exclusion or Capital Outlay Expenditure Exclusion</b>	<b>+ \$50,000</b>

**\$1,190,000**

**Applicable FY2008 Levy Limit with Debt Exclusion  
or Capital Outlay Expenditure Exclusion**

In FY2008, this community can levy up to \$1,190,000, its applicable levy limit with this debt exclusion or capital outlay expenditure exclusion.

**Levy Increases**

Once a community's levy limit is established for a particular year, the community can determine what its levy will be. The community may set its levy at any amount up to the levy limit. (Or, if it has voted a debt exclusion or capital outlay expenditure exclusion, it may levy up to the levy limit plus the additional temporary capacity resulting from the exclusion.)

It is important to note that as long as a community levies no more than its levy limit, there is no restriction on the dollar increase or percentage increase in its levy from year to year. Proposition 2½ restricts increases in the levy limit, not the levy. A community is permitted to tax up to its levy limit, even if it must raise its levy by a large percentage over the previous year's levy.

For example, a community could decide to increase its levy between FY2007 and FY2008 because the people of the community feel that the town should respond to some unmet local needs. Below we highlight the community's FY2007 and FY2008 levy limits and levies:

**FY2007 Levy Limit = \$1,000,000**  
**FY2007 Levy = \$900,000**

**FY2008 Levy Limit = \$1,025,000**  
**FY2008 Levy = \$1,025,000**

**Percentage Change In Levy Limit = 2.5%**  
**Percentage Change In Levy = 13.8%**

From FY2007 to FY2008, the community's levy limit only increases by the allowed 2.5 percent. (In this example assume the community has no new growth and has not voted an override.) The community's levy increases from the FY2007 amount of \$900,000 up to its FY2008 levy limit of \$1,025,000. This is a total dollar increase in the actual levy of \$125,000 — and a percentage increase in the actual levy of 13.8 percent. From FY2007 to FY2008, the actual levy increases by 13.8 percent while the levy limit only increases by the allowed 2.5 percent.

It is important to note that the 13.8 percent increase described here is allowable under the provisions of Proposition 2½. As long as the levy limit only increases each year by the amount allowed under Proposition 2½, the actual levy can increase or decrease within the levy limit established each year, as decided by the community. The community may increase its levy up to its new levy limit regardless of the percentage increase in the levy. This concept is illustrated in *Figure 5*.

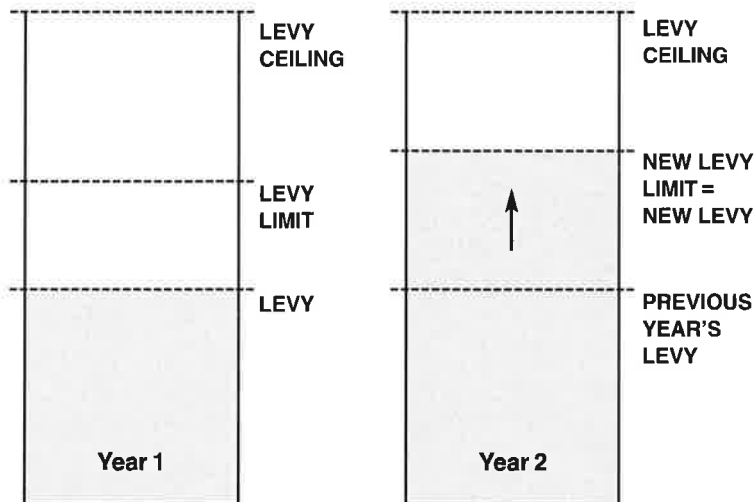


Figure 5

In Year 1, the community levies well below its levy limit.

In Year 2, the community's levy limit increases by the amount permitted under Proposition 2½. The community decides to levy all the way up to its new levy limit. The increase in the levy in Year 2 over Year 1 is indicated by the arrow. This increase is permissible under Proposition 2½.

In FY2007, the town levies only \$900,000 of its levy limit of \$1,000,000, foregoing \$100,000 of tax revenue it could have collected. In FY2008, the town's levy limit increases by the automatic 2.5 percent allowed by Proposition 2½, or up by \$25,000 to \$1,025,000. The town decides to levy all the way up to its new levy limit, so it has no excess capacity in FY2008. Its FY2008 levy is \$125,000 higher than its FY2007 levy. The town cannot also levy an additional amount to capture the \$100,000 foregone in FY2007. In other words, it cannot levy up to \$1,125,000 for a total levy increase of \$225,000. The \$100,000 foregone in FY2007 is lost forever. This is a one-time loss, since the community can, in FY2008, levy all the way up to its new levy limit. This is highlighted in *Figure 6*.

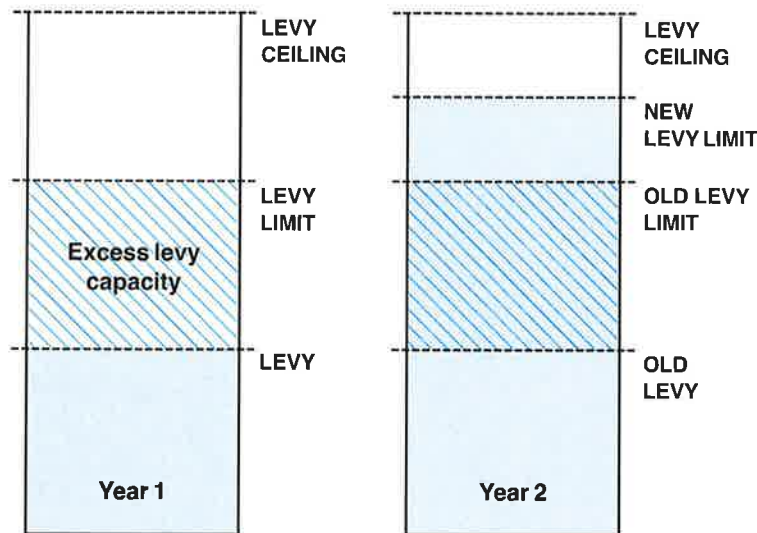


Figure 6

In Year 1, the community levies below its levy limit and as a result has excess levy capacity, represented by the area indicated.

In Year 2, the community may levy all the way up to its new levy limit. By levying up over its "old" levy limit (that is, its levy limit in Year 1), the community "uses" the excess capacity accrued in Year 1, shown by the area indicated. The community may increase its levy up to the new levy limit regardless of the percentage increase in the levy that is required to do so.

However, in Year 2 the community may not go back and recover the actual dollars of excess levy capacity foregone in Year 1 (the area indicated in the Year 1 diagram). That tax revenue is lost forever. It is only a one-time loss since the community can tax up to or above that level in Year 2.

## Resources

For information on levy limits, levy ceilings, new growth and ballot questions (overrides, debt exclusions and capital outlay expenditure exclusions), contact DOR's Division of Local Services at:

- (617) 626-2300 by phone;
- (617) 626-2330 by fax; or
- the DLS website at [www.mass.gov/dls](http://www.mass.gov/dls).