

## **Duties and Responsibilities of the Board of Assessors**

- The Board of Assessors is responsible for determining the fair and equitable valuation of all real and personal property in the Town, in accordance with **MGL Chapter 59, Section 38.**
- The values generated by the Assessors are updated annually.
- **The valuation date is January 1st.**
- The values are reviewed and certified by the Department of Revenue after which time the Tax Rate is submitted and approved by Department of Revenue.
- The Board of Assessors creates the tax bills and commits the amount to the Town Collector. Real and personal property tax bills are issued Quarterly.
- The Board of Assessors also commit all motor vehicle and boat excise to the Town Collector throughout the year as the Registry of Motor Vehicles sends files to our office.

### **Some of the other services provided by the Board of Assessors office include:**

- Hold Annual Classification Hearing
- Review and act upon abatement requests for real estate and personal property.
- Review and act upon abatement requests for motor vehicle excise. Review and act upon personal exemptions for real estate (Elderly, Veterans, Blind, Surviving Spouse).
- Review and act upon applications for classification of real estate as agricultural/horticultural, forestry or recreational chapter land
- Recommendation on Right of First Refusal from chapter land and prepare roll back calculations
- Provide property information to brokers, appraisers, attorneys and the general public
- Certify abutter's lists.
- Update assessments based upon building permit work and maintain data base for ownership. Update Tax maps annually and GIS database Cyclical Inspections.

## **REAL ESTATE ASSESSMENTS AND TAXES – UNDERSTANDING the PROCESS**

### **The three basic issues in understanding your real estate assessment and taxes:**

Assessing and the Fair Market Value of Your Home or Business  
Tax Billing  
The Appeal Process

### **Assessing and the Fair Market Value of your Home or Business**

The General Laws of the Commonwealth of Massachusetts require that each city and town keep all real estate assessments current. The State now requires that adjustments to assessments be made on an annual basis. An annual adjustment process should control some of the large changes in your assessment that could have occurred when using the triennial update process. The laws still require that the Department of Revenue inspect the town's revaluation process every three years.

The process of setting your property assessment involves studying sales of property in Monson that occurred within specific time periods. As an example, the fiscal year 2015 assessments will be calculated to reflect the value of your property as of January 1, 2014. The sales used in the analysis will be all sales **ONLY** occurring in calendar year 2013.

The assessment of your home is based upon the factors involved in the sales of all homes in general and homes like yours in particular. "Like" yours generally refers to style and location of the home. If your home is a colonial, the major sales used to generate your assessment are other colonials. The value of your home is then refined for location, the number of baths and bedrooms, other buildings (garages, sheds, pools etc.), and any other factor that might enhance or detract from value.

It is important to remember that the assessment is based on **past events**. The Board of Assessors Looks back on past sales activity. Conversely, a realtor looks forward to forecast what events will take place. The assessor's value is an opinion based on the market analysis of past events. The actual sale price of a home will not be set by the assessor or realtor. It will be set by both the buyer and seller And their perception of the value of the property.

### **TAX BILLING**

The Town of Monson issues tax bills on a quarterly basis. The billing cycle begins on July 1<sup>st</sup> each year. Subsequent bills are issued July 1<sup>st</sup> and January 1<sup>st</sup>.

Tax bills are due August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup>, and May 1<sup>st</sup>. If any of these dates fall on a weekend or a holiday, tax bills are due the next **business** day.

The July 1<sup>st</sup> and October 1<sup>st</sup> bills are considered “preliminary bills.” The amount on each bill is one quarter of the next amount paid in taxes for the previous fiscal year. This net amount would be the Original tax less any abatements or exemptions granted in the prior year.

The January 1<sup>st</sup> bill is the critical bill in terms of appeal. This bill is based on the new valuations and the new tax rate. Typically the bill is higher than the first two preliminary bills. All property appeals are filed on the basis of this tax bill.

## **THE APPEAL PROCESS**

The key to the appeal process is understanding your rights and responsibilities. The Massachusetts General Laws, as they apply to property assessments, place the burden of understanding and proof on the taxpayer. It is your responsibility to properly and legally file an appeal and then provide proof that the Assessors have failed to correctly value your property.

## **REVALUATION**

A revaluation is the process of conducting the data collection and market analysis necessary to bring values of all properties within a municipality up to date and in line with the market for the purpose of a fair distribution of the tax burden.

## **WHY AND WHEN IS A REVALUATION NEEDED?**

Simply, stated, 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, water disposal, road maintenance and snow removal, it is essential that property values be kept correct.

In 1979, All Massachusetts communities were required by state law to perform and initial **total revaluation** of property, 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 by law to be “recertified” every three years. A **valuation update** is generally done for recertification, where each property file is reviewed and a sales analysis is done to make sure that the values placed on the property reflect any changes in the economic market. 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 require a cyclical program of data collection and review (including interior and exterior inspections) so that each property is inspected, at a minimum once every nine years. This ensures that all properties can be brought to current market value and contribute an equitable portion of the tax burden.

Since FY2005, all communities have been required to make annual adjustments in property values, called interim adjustments, between recertification years. Thus, assessed values will reflect market changes on a more regular basis.

## **WHAT IS MARKET VALUE AND WHO DETERMINES MY PROPERTY VALUE?**

Market value is determined by activity in real estate a market and the general economy. The value of your property is based on an analysis of the entire market for the one or two calendar years before the completion of the revaluation project. The market can be generally defined as: you, the person who sold the property to you, and the person willing to buy it from you.

It is the Assessor's job to research and analyze the values in any particular neighborhood. In effect, the Assessor does what you would do to determine the selling price when putting your property up for sale, only the Assessor has specific guidelines to follow. Among the factors that are examined for each property are: location, size, quality of construction, age of improvements, topography, utilities, zoning restrictions if any etc.

## **WHAT HAPPENS DURING A REVALUATION OR VALUATION UPDATE?**

If a **total revaluation** is being done, a physical inspection of both the interior and exterior of each property is conducted, where the building is measured and the construction characteristics are noted.

If the project is a **valuation update**, data quality studies and inspections of some properties or neighborhoods, as well as exterior field review of a significant portion of the town or perhaps the entire town) will be done. Data Collection can also include mailing of information request forms relating to commercial and personal property.

While the data collection phase is going on. Assessors are studying the sales and determining where the actual increases and decreases in value are occurring. This study of recent property sales allows comparisons to be made and allows the Assessor to establish parameters to estimate the value of property that has not been sold. The Assessors then review this collected data and apply the determining factors of the sales analysis to come up with a value of each property.

## Personal Property Tax Information

### General Information

The Personal Property Tax is assessed separately from real estate. The tax is assessed upon non-real estate, tangible assets. These assets are goods, material objects and other things capable of material ownership that are not part of real estate.

**Personal property is assessed by the town where the property is “situated” on the January 1<sup>st</sup> assessment date.** In limited circumstance personal property may be assessed by the community in which the owner is an inhabitant on January 1<sup>st</sup>, even if the property is located in another community on that day. This primarily applies to items that may not be permanently situated in a town, such as construction equipment.

A Form of List (State Tax Form 2) must be filed each year by all individuals, partnerships, association, trust and corporations that own or hold personal property on January 1<sup>st</sup> unless expressly exempt. A Form of List must be filed by March 1<sup>st</sup> with the Board of Assessors unless an extension is granted. Request for an extension must be made in writing to the assessors.

Personal property is assessed at fair cash value as of January 1<sup>st</sup> of each year per M.G. L. c59 §38. Assessors usually use the cost method to estimate the value of personal property, typically relying on industry cost manuals. This may be reproductions, replacement or original cost, less depreciation as the situation warrants. The income and market sales approaches maybe used in special circumstances, but are considered less reliable in the vast majority of personal property valuations.”

The assessment date for the Fiscal Year is January 1<sup>st</sup> preceding the start of the Fiscal Year. Each business is assessed based on its existence on the assessment date. **Thus any business that existed on January 1<sup>st</sup> would be billed for the entire fiscal year.** This applies to businesses that have closed or relocated during the year so that any business that closed or relocated after January 1<sup>st</sup> will be billed for the entire Fiscal Year. It should be noted that the reverse of this situation is also true in that any business that opens after January 1<sup>st</sup> will not be billed for the Fiscal Year.

Individuals owning or holding household furnishings and effects not located at the primary residence on January 1<sup>st</sup> must file State Tax Form 2HF. Form 2HF is generally used by individuals who own a vacation home.

The information in the Form of List is used by the Board of Assessors to determine the taxable or exempt status of personal property and, if taxable, its fair market value. The Assessors may request further information about personal property in writing and seek cooperation to inspect if necessary. Forms of List are confidential and therefore not available to the public for inspection under public records law. They are available only to the Board of Assessors and Massachusetts Department of Revenue for the purpose of administering the tax laws.

## **Taxable Personal Property**

The following summarizes the personal property that is taxable and must be listed on a Form of List. This summary is formatted by the type of business ownership, since the type of ownership affects which items will be taxed locally. **Most corporations pay a corporate excise to the Commonwealth of Massachusetts on their furniture, fixtures and inventory so they are exempt from paying a personal property tax locally on these items. Machinery however is still taxed by the local municipality.**

**Individuals, Partnerships, Associations or Trusts** individuals, partnerships, associations or trusts are taxable on all tangible personal property except: motor vehicles and trailers subject to an excise, boats subject to an excise and non-commercial registered airplanes. Individuals are not taxed on the following additional items: household furniture and effects at the place of domicile, farm utensils and tools of a mechanic's trade. Some examples of taxable items would be:

- A. Poles, underground conduits, wires and pipes** Includes such items as the parking lot lights with their corresponding poles, wires, etc. located in a parking lot owned by a business.
- B. Machinery** Includes manufacturing machinery, copying and reproduction equipment, typewriters, computers and word processing equipment, appliances and any other machines and mechanical devices.
- C. Tools and Equipment** Includes business, or professional tools and equipment, including restaurant, laboratory and medical equipment. Taxable tools are implements of a professional (doctor, dentist, lawyer or accountant) such as dentist drills, x-ray machines, typewriters, and calculators. Examples of non-taxable "tools of a mechanics trade" are the instruments of a plumber, carpenter, auto mechanic or other tradesman such as: wrenches, hammers and saws.
- D. Business Furniture and Fixtures** Includes business, professional, commercial or service fittings and furnishings (desks, tables, cabinets, display cases), rugs, floor coverings and draperies, lamps, specialized lease-hold improvements (restaurant fittings, module walls, etc.) works of art and decorations, books and professional libraries and other fittings and effects.
- E. Merchandise** Includes goods, wares, or any stock in trade in a y store or other place of sale, in any warehouse or other place of storage, out on lease or consignment, etc. this could be represented by a retailers inventory (the shoes of a shoe store) or any finished goods or products that may be for sale or lease. These items may also include any work in progress such as partially completed product (furniture being built, jewelry being made) and any other materials or supplies used to produce a finished product (paint for a house painter).
- F. Unregistered Motor Vehicles and Trailers**

**G. Other** Includes animals, forest products and all other tangible personal property not specifically exempt from taxation.

### **Business Corporations**

**(Excludes: utilities, certain insurance companies, certain banks and manufacturing corporations.)**

Business corporations are taxable on poles, underground conduits, wires and pipes. They are also taxable on all “machinery used in conduct of business” except:

1. Machines that are stock in trade. Inventory for sale such as copy machines for sale by a copy machine distributor, or inventory for lease such as a computer being leased by a computer company is not taxable.
2. Machinery used directly in the dry cleaning or laundering process; to refrigerate goods or to air condition premises. Sewing machines and mechanical clothes rack are not directly used in the cleaning or laundering process and would be taxable even if owned by an incorporated dry cleaners. Refrigerators and air conditioners used in an incorporated restaurant or a supermarket would not be taxable.
3. Machinery used directly in the purchasing, selling, accounting or administrative function of the business. For example vending machines, bill changers and cash registers are not taxable because they are used in a selling or purchasing function. Taxable are those machines providing entertainment, such as pinball machines, video games and juke boxes. **Machines that are used specifically and primarily for accounting or administrative functions are not taxable. If the machine is used to provide a service or produce a product for sale, it is taxable. For example, a photocopies owned by an incorporated restaurant and used in an administrative or accounting function in keeping the internal records for the business would not be taxable. Conversely, the photocopier of an incorporated copying business to generate service, copying for A fee, and is taxable.**

### **Manufacturing Corporations**

**(Classified as “Manufacturing” by the Department of Revenue)**

Businesses that are classified by the Department of Revenue, as Manufacturing Corporations are taxable on: poles, underground conduits, wires, pipes and machinery used in distribution of water.

Business are not automatically classified as a manufacturer. If a business is seeking classification as a manufacturer, it must be incorporated and supply to the commissioner of revenue at:

Massachusetts Department of Revenue  
Taxpayer Assistance Bureau-MFG. Unit

215 First Street  
Cambridge, MA 02142

### **Other Corporations**

Corporations that are not business corporations or manufacturing corporations are handled separately. The personal property reporting for these are other corporations is outside the scope of this brochure.

### **Appealing the Personal Property Tax**

If the taxpayer feels that the personal property tax should not have been assessed or if the amount of the assessment is too high due to an error, an application for abatement can be made. This applications must be filed with the Board of Assessors on the due date of the 3<sup>rd</sup> quarter actual bill (typically February 1<sup>st</sup>).

If no Form of List was filed for the fiscal year, the assessors cannot grant an abatement for overvaluation of the personal property for that year. If the Form of List is not filed on time the assessors can only grant an abatement if the taxpayer shows a reasonable excuse for the late filing, or the tax assessed is more that 150% of the amount that would have been assessed if the list has been filed on time. In that case, only the amount over the 150% of the correct value can be abated.

### **Summary**

The personal property tax is levied principally on businesses and is based upon the non-real estate, tangible assets of the business.

Each business must file a personal property Form of List with the assessors' office by March 1<sup>st</sup>. This form enables a business to provide a list of its current assets to the Board of Assessors.

**Unincorporated businesses** must be reported on all furniture, fixtures, machinery, equipment and inventory.

**Incorporated businesses** must report on all machinery used in the conduct of business except for the machinery used only for administrative purposes.

**Classified manufacturers** need only report on poles, underground conduits, wires and pipes.

Abatements must be filed with the assessors' office on the due date of the 3<sup>rd</sup> quarter actual tax bill (typically February 1<sup>st</sup>).

### **Abatement Procedure**

#### **Reasons for an Abatement**

Overvaluation



Disproportionate Assessment (pertains to entire property classes, not individual unit or development)  
Improper Classification

### **Who may Apply**

As a general rule, an application must be filed by the person (business, corporation, etc.) to whom the tax has been assessed.

### **Abatement Procedures**

Application forms are available at the office of the Board of Assessors, Town Hall 10 Main Street, Suite 106, Monson, MA. 01057. Office hours Monday – Friday 8:00 a.m. to 4:00 p.m. and on the town website [www.monson-ma.gov](http://www.monson-ma.gov) on the Assessor's web page.

The application for abatement must be filed after the 3<sup>rd</sup> quarter tax bill has been mailed on or before January 1<sup>st</sup>.

The completed application must be filed with the Board of Assessors prior to the close of business on the due date of the 3<sup>rd</sup> quarter tax bill (typically February 1<sup>st</sup>). No abatement can be granted unless the application is filed on time.

### **Payment of Tax**

Pay the amount of tax indicated on the bill on or before the due date of the 3<sup>rd</sup> quarter tax bill. Interest will be due if the payment is received late. Failure to pay the tax in a timely manner jeopardizes your right to appeal.

If the total tax on the personal property tax is over \$3,000.00 the tax must be paid before interest accrues, in order to maintain the right to appeal a decision (of the Board of Assessors) to the Commonwealth of Massachusetts Appellate Tax Board (ATB). The Appellate Tax Board is an independent administrative board, under the direction of the state government. Failure to pay the tax in a timely manner jeopardizes your right to appeal.

There are procedures available through the Appellate Tax Board, which may allow a taxpayer to extend time for the payment of the balance tax due. There is also an alternative, the three year average method of payment. A taxpayer should seek professional advice before utilizing these alternatives. The use of these alternatives does not halt the tax collection process. Any unpaid balance will accrue interest and fees.

### **Additional Information Request**

The Board of Assessors is authorized by law to request information that is necessary if they are to properly determine the fair cash value of the property. To preserve your right to appeal an abatement decision, you must provide all information requested by the

Board of Assessors. Failure to respond to an information request, within thirty (30) days of the date of the request will result in a denial of the application and may bar an appeal to the Appellate Tax Board.

**Action by the Board of Assessors**

The Board of Assessors attempt to process all batement applications within three (3) months of filing. You will be informed of the status of the application through the following notices:

**Notice of Approval:** The Board of Assessors will abate the amount specified in the notice. If the tax has been paid, the taxpayer will be reimbursed through the Town Collectors Office.

**Notice of Denial:** No abatement will be granted. A denial will be issued in cases where the Board of Assessors has made a decision based on the merits of the abatement application. In cases where the department has not made a decision on an abatement application within three (3) months of its filing date, the abatement is deemed denied.

**Appeal to the Appellate Tax Board**

If you are dissatisfied with the decision the Board of Assessors, you may file an appeal with the Appellate Tax Board. It is located on the third floor at 399 Washington Street, Boston, MA 02108. The telephone number is (617) 727-3100.

**YOU MAY ELECT TO FILE AN APPEAL TO THE APPELLATE TAX BOARD IF:**

1. You are dissatisfied with the amount of the abatement granted
2. You disagree with the decision of the Board of Assessors to deny the abatement application, including denial for reason of inaction by the Board of Assessors.

The proper forms for an appeal can be obtained at the Appellate Tax Board. An appeal to the Appellate Tax Board must be filed within three (3) months of the date on which the Board of Assessors made its decision to grant or deny abatement for any reason including inaction.