



Informational Guideline Release

Bureau of Local Assessment
Informational Guideline Release (IGR) No. 24-14
April 2024

FISCAL YEAR 2025

GUIDELINES FOR ANNUAL ASSESSMENT AND ALLOCATION OF TAX LEVY

(G.L. c. 40, § 56; c. 58, § 1A; c. 59, §§ 2A, 5C and 5I)

This Informational Guideline Release (IGR) provides assessors and other local officials with information regarding the annual determination of property assessments, classification of property according to usage class, calculation of the minimum residential factor and allocation of the tax levy among the property classes for Fiscal Year 2025.

The IGR addresses the requirements to be met and procedures to be followed by local officials in all communities before setting a FY25 tax rate, including standards for certification and interim year valuation adjustments. The standards found in [*Informational Guideline Release \(IGR\) No. 24-13, Certification Standards \(Guidelines for Development of a Minimum Reassessment Program\) \(April 2024\)*](#) apply for FY25.

- Reminder: Gateway will validate all educational requirements for Board members and Assistant Assessors. Communities whose Boards of Assessors lack a majority of members qualified to classify property will be notified by BLA and also see warnings on the tax rate forms in Gateway indicating these forms cannot be approved by the Division of Local Services (DLS). Individual assessors who have not successfully completed Course 101 within 1 year of election or appointment will receive a notice of disqualification. Disqualified assessors will not be permitted to sign, save, or submit any Gateway form.
- When submitting the tax rate recapitulation sheet (Tax Recap) and the LA-5 Options and Certification form to the Bureau of Accounts, **the majority** of the Board of Assessors must sign directly in Gateway. The Bureau of Accounts will not accept “Signing on behalf” authorization for these forms. Selectboard or city council signatures are no longer required. A newspaper advertisement for the classification hearing is no longer required. A Clerk's Certification of Vote document is now required for LA-5 submission and the clerk must still sign the LA-5. A Mayor's signature is required only in cities with a mayor; in all other communities, simply leave it blank.

Questions on this IGR should be referred to the Bureau of Local Assessment.

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FISCAL YEAR 2025
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(G.L. c. 40, § 56; c. 58, § 1A; c. 59, §§ 2A, 5C and 5I)

Property is assessed for local tax purposes at its full and fair cash value as of January 1 of each year. The Commissioner of Revenue must review and certify a community's assessments every five years, or other year as he may schedule, as meeting legal standards. Adjustments to assessments made in years between this certification to reflect changes in market conditions must also meet legal standards, although they are not certified by the Commissioner.

Once a community is certified as assessing property at full and fair cash value, local officials are required to determine for the fiscal year of certification, and the fiscal years that follow until the next scheduled certification, the percentages of the tax levy to be borne by each class of real property: residential, open space, commercial and industrial, and personal property for that year. This decision is to be made after holding a public hearing.

These guidelines set forth requirements and procedures that provide the Commissioner with a framework within which he may fulfill his responsibility to review local assessments, determine whether the assessments reflect full and fair cash value as of January 1, 2024 for Fiscal Year 2025 and ensure a majority of the board of assessors is qualified to classify property. In the performance of this responsibility, the Commissioner may require such information from and action by assessors and may modify these requirements and procedures, as appropriate, in order to recognize circumstances unique to each city and town in the Commonwealth.

These guidelines also establish the requirements and procedures that cities and towns not scheduled for certification of their assessments as of January 1, 2024 must follow for making valuation adjustments and allocating the tax levy in FY25.

GUIDELINES:

I. ESTABLISHMENT OF ASSESSMENTS

The Board of Assessors must determine the assessed value of all taxable real and personal property as of January 1, 2024, as required by [G.L. c. 59, § 38](#). Annual assessments must generally comply with the minimum standards set forth in Bureau of Local Assessment guidelines, [Informational Guideline Release \(IGR\) No. 24-13, Certification Standards \(Guidelines for Development of a Minimum Reassessment Program\) \(April 2024\)](#).

BUREAU OF LOCAL ASSESSMENT

CHRISTOPHER WILCOCK, CHIEF

A. **Five-Year Certification**

The Bureau of Local Assessment will review proposed FY25 assessments of cities and towns that (1) were certified as assessing property at full and fair cash value as of January 1, 2024 and are required by law to meet certification requirements in FY25 and (2) are otherwise scheduled by the Commissioner for certification of values in FY25. [G.L. c. 40, § 56](#).

Scheduled communities must take whatever steps are necessary to ensure the timely implementation of values that satisfy certification requirements or be subject to the exercise of the Commissioner's enforcement powers. [G.L. c. 58, §§ 4-4C](#). For information on establishing realistic timetables and target dates for recertification and tax rate setting in order to meet the key dates applicable for FY25, see [DLS Bulletin 2019-02, Recertification and Tax Rate Target Dates](#). You may reach out to your Certification Advisor for additional information on scheduling your certification.

If a community's assessments do not satisfy minimum certification requirements, the Commissioner may require the city or town to meet those requirements in accordance with an approved program and timetable.

1. **Revaluation Plan**

All communities scheduled to meet FY25 certification requirements must submit a workplan for meeting those requirements to the Bureau of Local Assessment for review and approval. Basic workplan information must be reported before the start of the revaluation program. The workplan should be completed in the “Revaluation Workplan” section of the “Certification Tab” in DLS Gateway. The workplan may also be submitted by the appropriate field advisor on behalf of the assessors. Please work closely with your vendor and Certification Advisor to assure the dates that you have chosen are realistic within everyone’s timeframe.

2. **Five-Year Certification Review**

As described in Bureau of Local Assessment guidelines, the certification review will consist of: (a) preliminary data quality review, (b) procedural audit of valuation practices, (c) statistical analysis, (d) public disclosure program and (e) final certification and classification review.

As a general rule, the review will be conducted in the sequence and manner described below, with the preliminary data quality review and procedural audit being conducted throughout the revaluation as certain program components are completed.

a. **Preliminary Data Quality Review**

The Bureau of Local Assessment advisor/appraiser will review with the Board of Assessors or designated staff member the following:

- (1) The guidelines for documentation to support proposed assessments and valuation methods.
- (2) The assessors' program plan considering directives as noted in the previous certification review. Directives are able to be reviewed in Gateway, under the "Certification" tab.
- (3) The results of any data quality studies conducted.
- (4) The advisor's findings on quality of data and adequacy of tax maps.
- (5) The assessors' progress in researching market, cost, and income data for use in the reassessment program.
- (6) The assessors' progress toward the timely completion of the proposed certification effort.

b. Procedural Audit Review

The Bureau of Local Assessment will conduct a procedural audit review of the appraisal methods used to develop the proposed assessments and of a representative sample of proposed assessments in the major property classes. The purpose of this review is to determine if the assessors have developed and implemented an acceptable mass appraisal system using appropriate and reasonable valuation methods and to ensure the uniform and consistent application of that system.

The assessors must provide documentation to support the methodologies used to develop the proposed assessments, as specified in Bureau of Local Assessment guidelines, [Informational Guideline Release \(IGR\) No. 24-13, Certification Standards \(Guidelines for Development of a Minimum Reassessment Program\) \(April 2024\)](#). Specifically, the following appraisal documentation may be required during the review:

- (1) Residential Property - Documentation would include, but not necessarily be limited to sales analyses, pricing and depreciation schedules, valuation models with associated performance statistics, valuation system override criteria and field review records.
- (2) Land - Documentation must include land sales and/or residuals used to develop the valuation schedules applied to all improved and vacant land parcels.
- (3) Commercial and Industrial Property - Documentation must indicate a consideration of the three approaches to value: market, cost and income, and must provide the basis for the methodologies applied. The development and application of a second approach to value will be required for all properties that are purchased and sold based upon an investor's expectations and should correlate within 15 percent. Those properties include, but are not necessarily limited to, the

following: primarily commercial multiple use properties; apartments four units and over; hotels and motels; storage, warehouse and distribution facilities; discount and department stores; shopping centers and malls; supermarkets; small retail properties; office buildings, medical office buildings; research and development facilities; and properties within industrial parks.

- (4) Personal Property - Documentation must indicate the basis for the valuation methodology employed.
 - (a) Gas and Electric Transmission and Distribution Systems – During the certification year, the assessors must submit their appraisal documentation used to arrive at an opinion of fair market value. Supporting data must: (i) show why special circumstances would influence a buyer to pay more than net book value for utility assets, e.g. “the applicable rules of law or governing agency decisions might be changed so as to make an investment in the company more attractive.” See *NSTAR Electric Co. v. Assessors of Boston*, 94 Mass App. Ct. 1123 (Memorandum and Order pursuant to Rule 1:28, February 22, 2019), slip op. at 3, 7. In the NSTAR case, the Appeals Court affirmed a valuation methodology giving equal weight to net book value and reproduction cost new less depreciation (RCNLD) of utility property. Substantial evidence showed that the Department of Public Utilities no longer follows a strict carry-over rate base regulatory policy and might allow adjustments to a purchaser’s rate base to reflect a prudent purchase price above the plant’s net book case. The Court affirmed the finding that NSTAR actually received a return on equity greater than net book value would explain. (For more information, [see LFO-2019-1, Assessing Utility Properties.](#))
 - (b) Electric Generation Plants: Documentation must meet the requirements set forth in Bureau of Local Assessment guidelines on the valuation of deregulated electric power generation facilities. See [IGR No. 21-17, Valuation and Taxation of Electric Generating Facilities.](#)
- (5) State Owned Land (SOL) – Assessors’ property record cards must show the proper use class codes for reimbursable SOL and reflect the full and fair cash value as well as approximate acreage. While municipal land values may change annually due to the real estate market, SOL values for reimbursement remain fixed until the next SOL valuation every two years. SOL valuation, for reimbursement purposes, will only change between SOL valuations when there are additions or deletions to the SOL inventory [G.L. c. 58, §§ 13-15](#) or [G.L. c. 59, § 5G](#). See section on State Owned Land in [IGR No. 19-08.](#)

c. Statistical Analysis

The Bureau of Local Assessment will conduct a statistical analysis of arms-length residential sales. For the Bureau to conduct this analysis, the assessors must submit Form LA-3 "Property Sales Reports" through Gateway Online.

A median assessment-sales ratio (ASR) and coefficient of dispersion (COD) about the median will be calculated for single-family residential properties by the Bureau. The Bureau will also calculate a separate median ASR and COD for two-family, three-family, condominium, apartment, and vacant land residential properties if the tax base has a significant number of those types of properties.

In order for the Bureau to complete the preliminary certification review, the sales analysis must indicate the following for each type of property for which there is a sufficient sales sample as set forth in Bureau of Local Assessment guidelines, [IGR No. 19-08](#):

<u>Type</u>	<u>Use Classes</u>	<u>Median ASR (Range)</u>	<u>COD (Maximum)</u>
Single-family	101	90-110%	10%
Condominiums	102	90-110%	10%
Two-family	104	90-110%	12%
Three-family	105	90-110%	12%
Multiple Dwellings	109	90-110%	15%
Apartments	111-112	90-110%	15%
Vacant Land	130-132	90-110%	20%
Commercial	300s	90-110%	20%
Industrial	400s	90-110%	20%
Mixed Use	013-031	90-110%	20%

In addition, the difference in the median ASR of the residential property type with the largest number of parcels and that of any other type of residential property analyzed should be five percent or less but may not be less than 90 percent or more than 110 percent. Sales stratification and other statistical analyses are required as specified in Bureau of Local Assessment guidelines, [IGR No. 19-08](#).

d. Public Disclosure Program

Upon successful completion of the preliminary data quality review, the procedural audit review, and the statistical analysis, the Bureau of Local Assessment will notify the assessors by email that they may proceed with an appropriate public disclosure program for providing taxpayers with information on the proposed assessments before tax billing. A comprehensive notice of the disclosure program must appear in one or both of the following places for a minimum of five business days following the

initial publication or posting date: (1) a newspaper of general circulation in the municipality **or** (2) the municipality's website. A public disclosure program notice published in a newspaper does not have to be a paid legal notice.

The notice must address the basis of the valuation changes, the program's overall effect on assessments, and the manner and time period in which taxpayers may review the proposed new assessments before tax billing. That public disclosure period can begin only after the newspaper or website notice has been published. If you have any questions about what should be included in your notice, please consult your Certification Advisor.

e. Final Certification and Classification Review

After completion of the public disclosure program, the assessors will determine the final assessments and classifications as of January 1, 2024. See Section II-A below. The assessors must then request a final certification and classification review by submitting to the Bureau of Local Assessment:

- (1) Any changes to assessed values as a result of public disclosure should be made before submission of Form LA-10 "Assessment Adjustment List" and not through the abatement process. Form LA-10 must be completed and submitted, along with a copy of the public disclosure notice, through the DLS Gateway application.
- (2) The total valuation of each class of real property and of personal property on Form LA-4 "Assessment/Classification Report." See Section II-B below. The form must be submitted using Gateway.

The Bureau of Local Assessment will conduct a review to ensure that the final assessments and classifications are uniform and consistent with statutory requirements.

B. Interim Year Valuations

In cities and towns not scheduled for certification review, the assessors must adjust valuations to reflect changes in the tax base due to new construction, alterations, demolitions, etc. **If there has been a change in market conditions, assessors must also adjust their valuation schedules for FY25 so that all property valuations reflect full and fair cash value as of January 1, 2024.**

1. Valuation Adjustment Plan

The assessors may undertake or complete a valuation adjustment program without the prior review or approval of the Bureau of Local Assessment. Appropriate appraisal methods must be used to develop any valuation adjustments. After completion of the program, the community's FY25 assessments must be equitable and consistent within and between all property classes, as evidenced by conformity with accepted mass appraisal measures of assessment level and uniformity.

Documentation to support any valuation changes must be prepared and retained by the assessors. This documentation might include, for example, income, expense and capitalization rate analyses, sales ratio studies or any other data that support the type and extent of the valuation changes made by the assessors.

2. Valuation Adjustment Report

All assessors must submit their Forms LA-3 “Property Sales Reports” and LA-15 “Interim Year Adjustment Report” through Gateway Online. These forms should be submitted as early as possible during the tax rate process, but no later than the time the Form LA-4 “Assessment/Classification Report” is submitted. See Section II-B below. The Bureau may request more detailed information as it deems necessary to evaluate assessment level and uniformity.

II. DETERMINATION OF USAGE CLASSIFICATION AND TOTAL VALUATION

A. Real Property Classification

The assessors must determine the usage classification of all real property as of January 1, 2024 in accordance with the definitions set forth in [G.L. c. 59, § 2A\(b\)](#):

Class One:	Residential
Class Two:	Open Space
Class Three:	Commercial
Class Four:	Industrial

1. The assessors must designate an individual property's usage class in accordance with the [Property Type Classification Codes \(April 2019\)](#) issued by the Bureau of Local Assessment.
2. Real property of utilities is subject to local property taxation and must be classified as Class Four, Industrial. Personal property of utilities is included in the total valuation of personal property.

The valuation attributable to a payment in lieu of tax agreement or transition payment for a deregulated electric generating facility must be classified as real or personal property and further designated in accordance with the [Property Type Classification Codes \(April 2019\)](#).

3. Forest land as defined in [G.L. c. 61](#), agricultural or horticultural land as defined in [G.L. c. 61A](#) and recreational land as defined in [G.L. c. 61B](#) must be valued at use value according to the provisions of those statutes. All forest, agricultural or horticultural, or recreational land use valuations must be included in the total valuation of the commercial class and taxed at the commercial rate, [G.L. c. 61, § 3](#); [G.L. c. 61A, § 4](#) and [G.L. c. 61B, § 2](#), unless the community has accepted the applicable local option to classify and tax the land as open space. [G.L. c. 61, § 2A](#); [G.L. c. 61A, § 4A](#) and [G.L. c. 61B, § 2A](#).

4. Classification of property as Class Two, Open Space, is determined by the assessors as of January first of each year and does not require application by the property owner. The open space class may include any land that is maintained in an open or natural condition and contributes significantly to the benefit and enjoyment of the public so long as it is not held for the production of income. However, land that qualifies as forest, agricultural or horticultural, or recreational land under [G.L. c. 61](#), [G.L. c. 61A](#) and [G.L. c. 61B](#) is included even if it produces income, but only if the community has accepted the applicable local option to classify and tax the land as open space. [G.L. c. 61, § 2A](#); [G.L. c. 61A, § 4A](#) and [G.L. c. 61B, § 2A](#).
5. Where real property is used or held for more than one purpose and those uses result in different classifications, the assessors must allocate to each classification the percentage of the full and fair cash valuation of the property devoted to each use according to the guidelines in the [Property Type Classification Codes \(April 2019\)](#). [G.L. c. 59, § 2A\(b\)](#).
6. Real property that is exempt from taxation under [G.L. c. 59, § 5](#) or otherwise, must also be classified according to the same guidelines. [G.L. c. 59, § 2A\(b\)](#).

B. Total Valuation

After assessments are determined as of January 1, 2024 to reflect changes in value, usage classification and/or tax base, the assessors must submit to the Bureau of Local Assessment:

1. The total valuation of each class of real property and of personal property on Form LA-4 “Assessment/Classification Report.” The form must be submitted in Gateway.

Note: The Form LA-5 “Classification Tax Allocation” and Tax Rate Recapitulation Sheet will be submitted to the Bureau of Accounts after the public hearing has been held and the levy percentages have been adopted. See Section V-A below.
2. Tax base growth on Forms LA-13 and 13A “Tax Base Growth Report.” Refer to [IGR No. 21-4 Fiscal Year 2023 Guidelines for Determining Annual Levy Limit Increase for Tax Base Growth \(May\)](#) for further guidance.

III. DETERMINATION OF MINIMUM RESIDENTIAL FACTOR AND CERTIFICATION

A. Minimum Residential Factor

1. Based upon the total taxable valuation of each class of real property and of personal property as submitted by the assessors, the Commissioner will determine a minimum residential factor (MRF) for each city and town certified as assessing property at full and fair cash valuation as scheduled by the Commissioner. [G.L. c. 58, § 1A](#); [G.L. c. 40, § 56](#). The MRF represents the maximum shift allowed in the tax levy for the fiscal year and establishes the parameters for local decision-making.

- a. The minimum residential factor (MRF) is calculated through Gateway Online in the Tax Rate Tab in Gateway Online. If a community decides to shift, the residential and open space (R & O) classes must raise at least 65 percent of what would be raised from those classes without a shift under a single tax rate. In other words, the MRF cannot be less than 0.65. The commercial, industrial and personal property (CIP) share of the tax levy cannot increase by more than 50 percent of what that share would have been if the community had a single tax rate.

However, the CIP share of the levy may be further increased to up to 75 percent of what its share would have been if the community had a single tax rate as long as:

- (1) The new residential-only share of the levy computed using the MRF is higher than the actual residential-only share in (a) the prior fiscal year or (b) the fiscal year before the fiscal year the community first adopted the MRF shift;
- (2) The R&O share is not less than 50 percent of what would be raised from those classes without a shift; and
- (3) The R&O share is not less than the R&O share in any year since the community's values were first certified at full and fair cash value.

Assessors should reference the calculation of the lowest possible residential factor in Gateway Online. See "Options Table" in Tax Rate – Tax Rate Report module.

- b. In no instance may the minimum residential factor determined by the Commissioner be greater than 100 percent, although a city or town may adopt a residential factor greater than that amount. See Section IV-B below.
2. The statutory formula explained above uses the percentage share of the tax levy that each class of real property and that personal property bears to the total to establish the limits within which a community may shift the tax burden from residential and open space property to commercial, industrial and personal property. By adopting a residential factor either at or above the minimum established by the Commissioner, a city or town is assured that the tax levies for each class of real property and for personal property will fall within the limits prescribed by law.

B. Annual Certification

The Commissioner will then certify, by email, to the Board of Assessors:

1. The total taxable value of each of the four classes of real property and of personal property as of January 1, 2024.
2. The minimum residential factor for FY25.
3. The determination that a majority of the Board of Assessors in a community is qualified to classify property. [G.L. c. 59, § 2A\(c\)](#).

- a. The Board of Assessors will be deemed qualified if a majority of the current board has attended a classification training session conducted by the Bureau of Local Assessment, or has completed Module 4, Property Tax Classification, of the online assessors training Course 101, *Introduction to Assessment Administration*, and passed the Module 4 Learning Assessment. If not so qualified, the member or members needed to constitute a majority must complete the training in order for the Board to be qualified.

The online Property Tax Classification Module of Course 101 can be accessed in the “Assessor Management” section of the “Directory Tab” in Gateway.

- b. Gateway will validate all educational requirements for Board members and Assistant Assessors. Communities whose Boards of Assessors lack a majority of members qualified to classify property will see warnings on the tax rate forms indicating the forms cannot be approved by DLS. Individual assessors who have not successfully completed Course 101 within 1 year of election or appointment will not be permitted to sign, save or submit any Gateway form.

IV. ALLOCATION OF LOCAL TAX LEVY

A. Public Hearing

After the assessors receive the Commissioner's certifications, the Selectboard or Town Council of each town or the City Council of each city must conduct a public hearing on the issue of allocating the local property tax levy among the four classes of real property and of personal property for FY25. [G.L. c. 40, § 56](#).

1. The public hearing called by the board or council must comply with the requirements of the Open Meeting Law, [G.L. c. 30A, §§ 18-25](#), and any other applicable local provisions, by-laws, ordinances or rules.
2. The assessors should provide information regarding the policy decisions available under property tax classification and notice of any reassessment or valuation adjustment program by issuing a website release of the information before the hearing.
3. At the public hearing, the assessors must provide all information and data relevant to making a decision on adopting a residential factor and determining the percentages of local tax levy to be borne by each class of real property, including the fiscal effect of the available alternatives.

The statutory formula for determining the allocation of the tax levy among the four classes of real property: residential, open space, commercial and industrial, and personal property is set forth in [G.L. c. 40, § 56](#). By adapting the allocation formula to the circumstances of their city or town, the assessors can provide the information required for the public hearing.

4. If the assessors have received the Commissioner's certifications before the public hearing is held and all applicable Open Meeting Law and local requirements have been met, the board or council may vote on allocating the tax levy or adopting any other options under property tax classification at the hearing. See Sections IV-B-D below. The board or council may also vote on allocating the tax levy or adopting any other options under property tax classification at a later meeting.

However, if a public hearing is scheduled in anticipation of the assessors receiving the Commissioner's certifications, with the certifications not received before the hearing and the hearing is held as scheduled, the board or council should defer voting to allocate the tax levy or adopting any other options under property tax classification until a later meeting held after receipt of the certifications. In that case, at the close of the hearing, the chair of the board or council should advise members of the public that the votes will be taken at a later meeting and inform them where notices of the date, time, place and agenda for later meetings may be found.

Any later meeting at which the board or council may vote to allocate the tax levy or adopt any other options under property tax classification must comply with the Open Meeting Law, and any other applicable local provisions, by-laws, ordinances or rules.

B. Adoption of Residential Factor

After the Commissioner's certifications have been received by the assessors and the public hearing has been held, the Selectboard or Town Council in a town, or the City Council, together with the approval of the Mayor, in a city, must determine the percentages of the tax levy to be paid by each class of real property and by personal property for FY25 [G.L. c. 40, § 56](#).

1. In determining those percentages, the Selectboard, Town Council or City Council, together with the Mayor's approval, must first adopt a residential factor. In a city, if the Mayor vetoes the City Council's factor, the City Council may override the veto with a vote equal to two-thirds of the members elected. The residential factor adopted must be an amount not less than the minimum residential factor calculated by the Commissioner. See Section III-A above.
2. The residential factor adopted by a community governs the percentage of the tax levy to be paid by residential property owners. If local officials choose a low residential factor, (for example, the statutory minimum) residential property owners will pay a proportionately lower share of the total levy. A residential factor of "1" will result in the taxation of all property at the same rate. The statute permits a city or town to adopt a residential factor greater than 100 percent, which would have the effect of decreasing the commercial, industrial, and personal property tax rates and increasing the rates for residential and open space property. [G.L. c. 58, § 1A](#).
3. When determining the residential factor, local officials may select a percentage for Class Two, Open Space, that may not be less than 75 percent of its full and fair cash

value percentage. The residential class alone absorbs any discount applied to the open space class.

4. The percentages to be paid by the remaining classes of real property and by personal property owners can be calculated according to the provisions of [G.L. c. 40, § 56](#), using the residential and open space factors.

C. Residential Exemption

1. At the option of the Selectboard or Mayor, with the approval of the City Council, an exemption of not more than 35 percent of the average assessed value of all Class One, Residential, parcels may be applied to residential parcels that are the principal residence of the property taxpayer as used by the taxpayer as of January 1, 2024. [G.L. c. 59, § 5C](#).
2. Principal residence is ordinarily the residence in which a property taxpayer lives. It is the taxpayer's domicile, that is, his fixed place of habitation, permanent home or legal residence. Therefore, Class One, Residential, parcels not eligible for the residential exemption would include accessory land incidental to a residential use, summer homes, or residential property not occupied by the owner, such as apartments.
3. The application of the residential exemption, in addition to any other exemptions allowable under [G.L. c. 59, § 5](#), may not reduce the taxable value of the property to less than 10 percent of its full and fair cash value, except through the application of the hardship exemption found in [G.L. c. 59, § 5, Cl. 18](#).

D. Small Commercial Exemption

1. At the option of the Selectboard or Mayor, with the approval of the City Council, an exemption of any percentage up to 10 may be applied to Class Three, Commercial, parcels that are (1) occupied as of January 1, 2024 by a business with an average annual employment of no more than ten during calendar year 2023 and (2) have a valuation of less than one million dollars. [G.L. c. 59, § 5I](#).
2. Businesses certified by the Director of the Department of Workforce Development as having had an average annual employment of ten or fewer people at all locations during calendar year 2023 qualify for the exemption. If a sole proprietorship or partnership occupying the parcel on January 1, 2024 does not appear on the certified list, the assessors may determine whether it met the employment criterion for calendar year 2023 See [IGR No. 16-405, Small Commercial Exemption](#). In all other cases, however, the assessors must rely exclusively on the Director's certification in determining whether a business qualifies for the exemption.

The Director will provide the assessors with a list of businesses that met the employment criterion for calendar year 2023 by July 1, 2024. [G.L. c. 151A, § 64A](#). The list of eligible businesses is not a public record. It may be used by the assessors and their staff only to administer the small commercial exemption. If any of the assessors or their staff uses the list for other purposes or discloses any of the

listed businesses to people outside the assessors' office, they may be fined one hundred dollars.

3. The commercial parcel does not have to be owned by the occupying business or any other eligible business. If a parcel has multiple commercial occupants or tenants, all occupants must be eligible businesses. If a parcel is multiple use, such as a residential and commercial property, all occupants of the commercial portion must be eligible businesses.
4. The parcel must have a valuation of less than one million dollars before the application of any small commercial exemption. The exemption applies to a specific parcel occupied by an eligible business, not to the eligible business itself. Therefore, if any particular eligible business occupies more than one parcel, each under one million dollars in value, each parcel would qualify for the exemption.

V. APPROVAL OF LOCAL TAX RATE

A. Submission of Final Reports

Once the public hearing has been held and the percentages of the tax levy to be paid by each class of real property and by personal property have been determined, the assessors must submit Form LA-5, "Classification Tax Allocation," and supporting documentation required by the LA-5 to the Bureau of Accounts within DLS Gateway.

B. Approval of Tax Rates

Upon the Commissioner's determination that the percentages meet statutory requirements and the public hearing has been held, the assessors will submit to the Bureau of Accounts the local tax rates for final approval using the total valuations, as certified by the Commissioner, and the percentages of the tax levy, as determined by local officials.

1. The Bureau of Accounts will approve the setting of a FY25 tax rate when all of the requirements explained above and all other requirements applicable to the setting of the tax rate have been met. In order to establish realistic timetables for meeting all requirements and ensuring the timely setting of the tax rate, please refer to [DLS Bulletin 2019-02, Recertification and Tax Rate Target Dates.](#)
2. The form and content of tax bills for cities and towns using a classified tax system must conform to the requirements established by the Commissioner of Revenue.
 - a. Cities and towns using a quarterly tax payment system under [G.L. c. 59, § 57C](#) should refer to [IGR No. 24-8, Fiscal Year 2025 Tax Bills Quarterly Tax Payment System \(March\).](#)
 - b. Cities and towns using a semi-annual preliminary tax payment system under [G.L. c. 59, § 57C](#) should refer to [IGR No. 24-10, Fiscal Year 2025 Tax Bills Semi-annual Payment System Annual Preliminary Bills \(March\).](#)

- c. Cities and towns using a semi-annual payment system and opting to issue preliminary tax bills for FY25 under [G.L. c. 59, § 23D](#) should refer to [IGR No. 24-11, Fiscal Year 2025 Tax Bills Semi-annual Payment System Optional Preliminary Bills \(April\)](#).
- d. Cities and towns using a semi-annual payment system should refer to [IGR No. 24-9, Fiscal Year 2025 Tax Bills Semi-annual Payment System \(March\)](#).

ANNUAL ASSESSMENT AND LEVY ALLOCATION PROCESS:
STEP BY STEP SUMMARY

NOTE:** Step applies only in a five-year certification year.

Assessors

1. Analyze current market and determine if adjustments to valuation schedules required.
- ** 2. Submit reassessment workplan through Gateway, including any related professional services contracts if requested, to the Bureau of Local Assessment for review and approval.
- ** 3. Meet with Bureau of Local Assessment certification advisor.
4. Vote to request authorization to issue semi-annual preliminary tax bills by August 15, if needed.
5. Establish full and fair cash values for all properties.
- ** 6. Request certification from Bureau of Local Assessment by submitting Forms LA-3 "Property Sales Reports" through Gateway (LA3 Tab).
7. Submit, in interim years, to the Bureau of Local Assessment Form LA-3 "Property Sales Reports," through Gateway (LA3 Tab, LA15 Interim Year Process Section) to generate and submit "LA-15 Interim Year Adjustment Report."

Bureau of Local Assessment

8. Conduct statistical analysis of sales and determine if minimum statistical certification requirements are met. (Both Certification and Interim Year review)
- ** 9. Conduct preliminary data quality review.
- ** 10. Notify assessors whether valuation system and proposed assessments are in compliance with minimum certification requirements and if so, authorize them to conduct appropriate public disclosure program.

Assessors

- ** 11. Conduct appropriate public disclosure program.
12. Determine final valuations for all properties.
13. Classify all real property according to use.

- ** 14. Submit to the Bureau of Local Assessment a list of properties with certain valuation changes resulting from public disclosure program on Form LA-10 "Assessment Adjustment List" along with copy of public disclosure notice through DLS Gateway (Certification Tab).
- 15. Submit to the Bureau of Local Assessment the total valuations for each class of real property and for personal property on Form LA-4 "Assessment/Classification Report" through DLS Gateway (Tax Rate Tab). May also submit to the Bureau of Accounts a proposed Form LA-5 "Classification Tax Allocation" and "Tax Rate Recapitulation Sheet" through DLS Gateway (Tax Rate Tab).
- 16. Submit to the Bureau of Local Assessment tax base growth on Forms LA-13 and LA-13A "Tax Base Growth Report" through DLS Gateway (Tax Rate Tab).

Bureau of Local Assessment

- ** 17. Review assessment changes on Form LA-10 and final LA-4 classifications.
- 18. Determine that proposed property assessments meet minimum certification or interim year requirements of full and fair cash value, real property has been classified according to use and a majority of the assessors are qualified to classify property.
- 19. Certify tax base growth and notify assessors.

Assessors

- 20. Determine the minimum residential factor using DLS Gateway.

Selectboard or City Council

- 21. Call and hold public hearing on classification.

Assessors

- 22. Present data on impact of classification options. (Gateway Online Tool – See Options Table under Tax Rate -Reports)
- 23. Notify selectboard or mayor and city council of any excess levy capacity.

Selectboard or City Council with Approval of Mayor

- 24. Adopt residential factor.
- 25. Decide whether to grant open space discount.
- 26. Determine whether excess levy capacity is consistent with community fiscal affairs.

Selectboard or Mayor with Approval of City Council

- 27. Decide whether to grant residential exemption.
- 28. Decide whether to grant small commercial exemption.

Assessors

- 29. Submit tax rate recapitulation sheet to Bureau of Accounts.

Bureau of Accounts

- 30. Certify tax rate(s).

Assessors

- 31. Prepare tax commitment and verify total value for each class reconciles with tax rate recapitulation sheet.
- 32. Issue commitment, with warrant to collect taxes, to the collector.