



*Assessment  
Administration*

October 2010

# Assessment Administration

## How Do We Value Property?

The Assessors Office is responsible for valuing or assessing all property located within the Town of Hull.

# Assessment Administration

## What Property?

- Residential Real Estate
- Commercial Real Estate
- Mixed Use
- Exempt Real Estate
- Personal Property
- Motor Vehicle & Boat Excise Tax

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## What is Classified as Residential Real Estate?

<b>Classification</b>	<b>Parcel Count</b>
101.....Single Family	3,757
102.....Condominium	823
104.....Two-Family	159
105.....Three-Family	34
106.....Accessory Land with Improvement & Slips	87
109.....Multiple Houses on one parcel	30
111.....Four to Eight Units	32
112.....More than Eight Units	9
121.....Rooming and Boarding Houses	5
130.....Developable Land	79
131.....Potentially Developable Land	22
132.....Undevelopable Land	169
140.....Child Care Facility	1

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## Residential Value

Total Residential Value  
\$1,786,535,762

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## What is Classified as Commercial Real Estate?

<b>Classification</b>	<b>Parcel Count</b>
300.....Hotels	1
301.....Motels	1
343.....Commercial Condominium	16
340.....Office	5
341.....Bank	1
350.....Post Office	2
351.....School	1
356.....Professional Assn	3
368.....Fairground	1
384.....Marina	5
388.....Other outbuildings	1
390.....Commercial Land	5

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## Commercial RE (cont.)

<b>Classification</b>	<b>Parcel Count</b>
337.....Parking Lot	2
338.....Other/MV	1
390.....Commercial Land	5
391.....Potent. Bld. Comm. Land	3
392.....Undev. Comm. Land	4

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## Commercial Real Estate

Total Commercial Value

\$57,147,838

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## What is Personal Property?

Personal property is the merchandise, furniture, fixtures, and equipment that exists in Hull. The furnishings of a persons domicile are exempt from taxation. Poles, Wires, Conduit, and machinery of Telephone companies is also assessed as personal property. Hull has five classes of Personal Property:

**501**.....Individuals, Partnerships, Associations and Trusts

**502**.....Corporations

**503**.....Manufacturing Corporations

**504**.....Public Utilities

**505**.....Telephone and Telegraph Companies

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## How is Personal Property Assessed?

Property owners are required to return a list (Form of List) of taxable property annually. Assessors also regularly inspect personal property accounts to verify returns. Owners who fail to return a list or return an incomplete list lose their right to appeal the assessment. Those accounts are assessed using inspection data when available or a computer generated estimate using a business model.

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## How is Personal Property Assessed?

Personal property is assessed using the item's cost less depreciation factor for age and condition. There are two exceptions. Telephone companies are assessed by the Department of Revenue and given to the local assessors for taxation. Utility companies provide their net book value and new growth additions to local assessors annually. Most assessors review this information and use it to assess the property.

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## Personal Property

Hull has 766 personal property accounts with a total assessed value of \$24,192,340.

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## Excise Tax

Motor vehicle and trailer information is supplied to Cities and Towns from the Registry of Motor Vehicles. Excise taxes are different than all other taxes in many ways.

## Excise Tax Differences

1. Assessments are based on a mathematical formula using the original manufacturers suggested retail price multiplied by a depreciation factor based on the age of the vehicle. This formula is set by Massachusetts Statute. Because of this, abatements are rarely granted for incorrect valuation.

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## Excise Tax Differences

2. Abatements are granted throughout the year when an owner no longer owns the vehicle. The tax is prorated on a monthly basis.

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## Excise Tax Differences

1. The Tax Rate is \$25.00 per thousand.
2. The assessments are based on a calendar year.

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## Excise Tax Differences

1. Commitments are generated throughout the year
2. Taxes are assessed for partial year ownership. For example, a taxpayer purchases a new car on February 1st. They would pay taxes for 11 months. Abatements are also granted for partial ownership based on 12 equal months.

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## Excise Tax

This year we project 10,000 bills totalling  
\$1,000,000

We have committed 9,804 bills  
totalling \$981,123 in tax dollars.

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## Real Estate Assessment Steps

1. **Assemble the legal data.** Legal data includes property ownership information provided by the Registry of Deeds, Subdivision or plot plans which are the basis for assessors maps, and any external influences such as easements, right of ways, or water influences.

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## Real Estate Assessment Steps

- 2. Inventory The Property** – This is accomplished by inspecting each property. Assessors attempt to inspect every property at least once every nine years. We capture external measurements and property details. We list the interior attributes. The property is entered into our computer assisted mass appraisal system. We also attempt to inspect all building permits and sales.

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## Real Estate Assessment Steps

- 3. Sales Data Collection and Verification** – We must review all property sales for validity. Only valid sales are used in the assessment process. Examples of non arms length sales are foreclosure sales, court ordered sales, sale of a property between relatives, etc. We review deeds and sales data to determine validity.

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## Real Estate Assessment Steps

- **Sales Analysis** – Sales are then analysed to produce the contributory value of all data features.

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## Real Estate Assessment Steps

- **Assessment Model Application and Testing**– The contributory value of all data features is then applied to the sale set and tested for assessment level and accuracy. The term full and fair value used by the Commissioner of Revenue in his Certification letter has significant meaning. Full and fair value means that all property must be assessed at market value and that similar properties must be assessed similarly.

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## Real Estate Assessment Steps

1. **Complete Assessment to Sale Ratio Studies** – Ratio studies measure both the level of assessment and assessment accuracy. In Massachusetts the Department of Revenue reviews assessment and accuracy levels annually. We must submit ratio study statistics prior to certification and approval of the tax rate.

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## Real Estate Assessment Steps

To be considered at full and fair market value assessments must meet certain requirements. These requirements are established by the Department of Revenue.

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## Assessment Ratio Requirements

<u>Type</u>	<u>Class</u>	<u>Median ASR</u>	<u>Maximum COD</u>
Single Family	101	90-110%	10.00%
Condominiums	102	90-110%	10.00%
Two Family	104	90-110%	12.00%
Three Family	105	90-110%	12.00%
Apartments	111-112	90-110%	15.00%
Vacant Land	130-132	90-110%	20.00%
Commercial	300	90-110%	20.00%
Industrial	400	90-110%	20.00%
Mixed Use	013-031	90-110%	20.00%

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## Assessment to Sale Ratio Studies

Assessment to Sale Ratios are calculated by dividing the Assessed Value by the Sale Price.

$$\text{ASR} = \text{ASSESSMENT} / \text{SALE PRICE}$$

$$\text{Assessment} = \$450,000$$

$$\text{Sale Price} = \$500,000$$

$$\text{ASR} = \$450,000 / \$500,000 = .90 \text{ or } 90\%$$

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## Median ASR

The **Median ASR** measures the level of assessment. The Median ASR is a form of mathematical average. The median is the midpoint of an array. A median is used to eliminate the influence of outliers.

<b>Assessment</b>	<b>Sale Price</b>	<b>ASR</b>
470000	470000	100%
470000	473700	99%
470000	484200	97%
470000	500000	94%
470000	550000	85%
	Median	97%

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## Real Estate Assessment Steps

- 6. Finalizing Values** – The valuation models are then applied to all parcels. Computer models allow us to value properties at current market value. All properties must be assessed at their market value as of the January 1<sup>st</sup> just prior to the fiscal year. For example the assessment date for Fiscal Year 2011 is January 1, 2010.

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Assessments must meet minimum assessment standards annually prior to certification by the Department of Revenue. If the assessors fail to meet either assessment level or accuracy requirements, actual tax bills will be delayed until the Commissioner of Revenue certifies the assessments at full and fair value.

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Summary

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Questions



*Assessment  
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The End*

October 26, 2010