

Abatement:

A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accelerated New Growth:

Massachusetts General Law Chapter 59 §2A(a) is a local option statute that allows a community to value and assess new growth (e.g./ new construction or other physical additions to real property) occurring by June 30 for the fiscal year beginning July 1. This local adoption law, commonly referred to as Chapter 653, allows the community to assess improved parcels, which ensures the property owner is paying his fair share of the cost of government operations for the fiscal year beginning July 1 rather than a year later.

Ad Valorem:

A Latin phrase meaning according to the value. For example, the property tax is an Ad Valorem tax because it is based on the full and fair cash value (FFCV) of the real or personal property.

Amended New Growth: When the assessors discover properties that were inadvertently omitted that would have been new growth (see Omitted and Revised Values), they may submit an “Amended Tax Base Growth Report (Form LA-13A) to BLA (Bureau of Local Assessment) before setting the tax rate for the next fiscal year, BLA will certify the amount of any additional tax base growth and notify BOA (Bureau of Accounts). BOA will then recalculate the community’s levy limit and notify the assessors of the new base for the purposes of calculating the succeeding year’s levy limit.

Appellate Tax Board: (ATB)

Appointed by the governor, the ATB has jurisdiction to decide appeals from local decisions relating to property taxes, motor vehicle excises, state owned land (SOL) valuations, exemption eligibility, property classification, and equalized valuations.

Appropriation:

An authorization granted by a town meeting, city council or other legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Arm’s Length Sale: A transfer of property ownership between a willing seller not under compulsion to sell and a willing buyer not under compulsion to buy. The sale price is the amount of money, or its equivalent, that probably would be arrived at through fair negotiations taking into consideration the uses to which the property may be put and allowing a reasonable time for exposure to the market.

Assessed Valuation:

A value assigned to real estate or other property by a government as the basis for levying taxes. In Massachusetts, assessed valuation is based on the property’s full and fair cash value (FFCV) as set by the Assessors.

Assessment Date:

The date property tax liability is fixed. In Massachusetts, property taxes are assessed as of the January 1 prior to the fiscal year. Assessors determine the physical status of taxable real and personal property, its ownership, fair cash value and usage classification as of that date. By local option, the physical status of real property on June 30 is deemed to be its condition on the previous January 1.

Assessment Sale Ratio (ASR): Property assessed value divided by sales price. Expresses the relationship between the assessed value of a sold property and the most recent sales price of the property. The ASR is instrumental in the triennial certification of municipal property values by BLA (Bureau of Local Assessment).

Boat Excise:

An amount levied on boats and ships in lieu of a personal property tax for the privilege of using the Commonwealth's waterways. Assessed annually as of July 1, the excise is paid to the community where the boat or ship is usually moored or docked for the summer months.

Chapter Land: Forest, agricultural/horticultural, and recreational lands classified, valued and taxed according to Massachusetts General Law Chapters 61, 61A and 61B. Land is valued at its current use rather than the full and fair cash value. The commercial property tax rate is applicable for land defined under these chapters, unless the community adopts a local option provision within each chapter to apply the open space rate.

Cherry Sheet: Named for the cherry colored paper on which they were originally printed, the Cherry Sheet is the official notification to cities, towns and regional school districts of the next fiscal year's state aid and assessments. The aid is in the form of distributions, which provide funds based on formulas and reimbursements that provide funds for costs incurred during a prior year for certain programs or services. Links to the Cherry Sheets are located on the Division of Local Services website at www.mass.gov/dls.

Classification of Real Property: Assessors are required to classify all real property according to use into one of four classes: Residential, Open Space, Commercial and Industrial. Having classified its real property, local officials are permitted to determine locally, within limits established by statute and the Commissioner of Revenue, what percentage of the tax burden is to be borne by each class of real property and by personal property owners. (See Classification of the Tax Rate)

Classification of the Tax Rate: Each year, the selectmen or city council vote whether to exercise certain tax rate options. Those options include choosing a residential factor (MGL Ch. 40 §56), and determining whether to offer an open space discount, a residential exemption (Ch. 59 §5C), and/or a small commercial exemption (Ch. 59 §5I) to property owners.

Commitment:

An authorization to collect taxes, fees or other charges due a municipality. This establishes the liability for individual taxpayers. For example, the assessors' commitment of real estate taxes authorizes the collector to pursue and receive payment from property owners.

Computer Assisted Mass Appraisal (CAMA): An automated system for maintaining property data, valuing property, notifying owners, and ensuring tax equity through uniform valuations.

Corporations Book (Corp Book): Annually updated and published on the Internet, the Corp Book provides a listing of domestic and foreign corporations doing business in Massachusetts as of January 1 and which are subject to a tax or excise under MGL Chap. 59 (local property tax), 60A (motor vehicle excise), or 63 (corporation excises). The listing provides information primarily to assessors about the taxable status of businesses located within their community. Links to the Corp Book are located on the Division of Local Services website at www.mass.gov/dls.

Cost Approach: A method used to estimate the present market value of an existing property by calculating the current cost to rebuild it, then adjusting the cost downward for depreciation based on the property's actual age. Land is valued separately and added to the depreciated replacement cost.

Data Collection: Process of inspecting real and personal property and recording its attributes, quality and condition.

Debt Exclusion: An action taken by a community through a referendum vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2 ½. By approving a debt exclusion, a community calculates its annual limit under Proposition 2 ½, then adds the excluded debt service cost. The amount is added to the levy limit for the life of the debt only and may increase the levy above the levy ceiling.

Eminent Domain: The power of a government to take property for public purposes. Frequently used to obtain real property that cannot be purchased from owners in a voluntary transaction. Property owner receives fair compensation (market value at the time of the taking) as determined through court proceedings.

Excess Levy Capacity: The difference between the levy limit and the amount of real and personal property taxes actually levied in a given year. Annually, the board of selectmen or city council must be informed of excess levy capacity and their acknowledgement must be submitted to DOR when setting the tax rate.

Exemptions:

A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and cultural institutions. Persons who may qualify for exemptions include service connected disabled veterans, blind individuals, surviving spouses, and persons over 70 years of age.

Fair Market Value (a.k.a. Full & Fair Cash Value):

Fair cash value has been defined by the Massachusetts Supreme Judicial Court as “fair market value”, which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for his property. A valuation limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January first of any taxable year in the hands of any owner, including the present owner. (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956)).

Fiscal Year:

Since 1974, the Commonwealth and municipalities have operated on a budget cycle that begins July 1 and ends June 30. The designation of the fiscal year is that of the calendar year in which the fiscal year ends. For example, the 2009 fiscal year is July 1, 2008 to June 30, 2009. Since 1976, the federal government fiscal year has begun October 1 and ended September 30.

Full and Fair Cash Value (a.k.a. Fair Market Value):

Fair cash value has been defined by the Massachusetts Supreme Judicial Court as “fair market value”, which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for his property. A valuation limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January first of any taxable year in the hands of any owner, including the present owner. (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956)).

GIS (Geographical Information System): A computerized mapping system and analytical tool that allows a community to raise information on a parcel, area or community wide basis. It also allows parcels to be identified and sorted on the basis of certain specified criteria. The system can integrate assessors’ property data, water and sewer line networks, wetlands, floodplains and as well as other data.

Income Approach: A method of estimating property value by converting anticipated net rental revenue, generated by the property, into an indication of market value. Used primarily to value commercial/industrial properties and apartment buildings, which are normally bought and sold on the basis of their income producing capability.

Interim Year Valuation Adjustment:

State law requires that local assessed values reflect market value every year. Every three years, Bureau of Local Assessment (BLA) reviews and certifies that an individual community's assessed values meet the standard. In between these triennial certifications, a community should complete an annual analysis to determine whether an interim year value adjustment is warranted. Depending on market conditions and property value trends, adjustments may increase, decrease or leave values unchanged. If the overall assessed value of the community changes by 10 percent, up or down, BLA must be notified.

Levy:

The amount a community raises through the property tax. The levy can be any amount up to the levy limit, which is re-established every year in accordance with Proposition 2 ½ provisions.

Levy Limit:

A levy limit is one of two types of levy (tax) restrictions imposed by MGL Ch.59 §21C (Proposition 2 ½). It states that the real and personal property taxes imposed by a city or town may only grow each year by 2 1/2 percent of the prior year's levy limit, plus new growth and any overrides or exclusions. The levy limit can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion.

Market Value (a.k.a. Fair Market Value or Full and Fair Cash Value):

Fair cash value has been defined by the Massachusetts Supreme Judicial Court as "fair market value", which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for this property. A valuation limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January first of any taxable year in the hands of any owner, including the present owner. (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956)).

Mass Appraisal:

Use of standardized procedures for collecting data and appraising property to ensure that all properties within a municipality are valued uniformly and equitably.

Massachusetts Association of Assessing Officers (MAAO):

A professional organization for individuals in the assessment profession and others with an interest in property taxation.

Motor Vehicle Excise: (MVE)

A locally imposed annual tax assessed to owners of motor vehicles registered to an address within the community. The excise tax rate is set by statute at \$25.00 per \$1,000 of vehicle value. Owner registration and billing information is maintained by the State Registry of Motor Vehicles and is made available to a city or town, or to the Deputy Collector who represents it.

New Growth:

The additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases caused by normal market forces or by revaluations. New growth is calculated by multiplying the assessed value associated with new construction, renovations and other increases by the prior year tax rate. The additional tax revenue is then incorporated into the calculation of the next year's levy limit.

Omitted and Revised Values: Corrections, submitted by assessors, after the annual commitment is made to reverse unintentional or inadvertent mistakes that cause some owners not to be assessed or to be incorrectly assessed for the fiscal year. These must be committed by June 20 or 90 days after bills are issued, whichever is later.

Overlay (Overlay Reserve or Allowance for Abatements and Exemptions): An account established annually to fund anticipated property tax abatements, exemptions and uncollected taxes in that year. The overlay reserve need not be funded by the normal appropriation process, but rather is raised on the tax rate recapitulation sheet.

Override:

A vote by a community at an election to permanently increase the levy limit. An override vote may increase the levy limit no higher than the levy ceiling. The override question on the election ballot must state a purpose for the override and the dollar amount.

Parcel:

A unit of real property used for the assessment of property taxes. A typical parcel consists of a plot of land (lot) defined by a deed and any buildings located there.

Payments in Lieu of Taxes (PILOT): An agreement between a municipality and an entity not subject to taxation, such as charitable or educational organizations, in which the payer agrees to make a voluntary payment to the municipality. By law, a city or town must make such a payment to any other community in which it owns land used for public purposes.

Personal Property:

Movable items not permanently affixed to, or part of the real estate. It is assessed separately from real estate to certain businesses, public utilities, and owners of homes that are not their primary residence.

Preliminary Tax: The tax bill for the first two quarters of the fiscal year sent, no later than July 1, by communities on a quarterly tax billing cycle. The tax due on a preliminary bill can be no greater than the amount due in the last two quarters of the previous fiscal year.

Property Tax Levy: (See Levy)

The amount a community raises through the property tax. The levy can be any amount up to the levy limit, which is re-established every year in accordance with Proposition 2½ provisions.

Property Type:

The assessors in each Massachusetts municipality must place property in one of the following classes:

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| 0 – Multiple-Use | 1 – Residential |
| 2 – Open Space | 3 – Commercial |
| 4 – Industrial | 5 – Personal Property |
| 6 – Forest (Chap 61) | 7 – Agricultural/Horticultural (Chap. 61A) |
| 8 – Recreational (Chap 61B) | 9 – Exempt Property |

Within each class, property can be assigned to any of several property types. Each type is assigned a three digit type code consisting of the class number plus two digits that identify the specific type within a class. Property in classes 1-5 is a major consideration in the approval of tax rates.

Proposition 2 ½:

State law enacted in 1980 that regulates local property tax administration. Major provisions of this legislation are located in MGL Ch59 – Assessment of Local Taxes §21C and relate to the determination of a levy limit and levy ceiling for each town.

Raise and Appropriate: A phrase used to identify a funding source for an expenditure or expenditures, which refers to money generated by the tax levy or other local receipt.

Real Property:

Land, buildings and the rights and benefits inherent in owning them.

Recapitulation, Tax Sheet (Recap):

A document submitted by a city or town to the Department Of Revenue in order to set a property tax rate. The recap sheet shows all estimated revenues and actual appropriations that affect the property tax rate. The recap sheet should be submitted to the DOR by September 1 (in order to issue the first-half semi-annual property tax bills before October 1) or by December 1 (in order to issue the third quarterly property tax bills before January 1).

Revaluation:

The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessor's analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information. Every three years, assessors must submit property values to the Department Of Revenue for certification. Assessors must also maintain current values in the years between certifications so that each taxpayer in the community pays his or her share of the cost of local government in proportion to the value of his property. (See also Triennial Certification)

Roll-back Taxes: Back taxes that become due when land which is valued, assessed and taxed under Massachusetts General Law Chapters 61, 61A or 61B, no longer qualifies as actively devoted to purposes specified in each chapter.

Sales Comparison Approach (Market Sales Approach): A method of estimating the value of property by comparing verified data about similar properties that have recently sold or are offered for sale on the open market and adjusting for differences from the subject, or unsold, property.

Tax Maps:

Used to determine the location of the property, indicate the size and shape of each parcel, and show its relation to features that affect value. Maps also provide a complete inventory of all land parcels, helping to minimize the problems of omitted parcels and duplication of listing. Also referred to as assessor's maps.

Tax Rate:

The amount of property tax stated in terms of a unit of the municipal tax base; for example, \$12.26 per \$1,000 of assessed valuation of taxable real and personal property.

Tax Title Foreclosure: The procedure initiated by a city or town treasurer in Land Court or through land of low value to obtain legal title to real property already in tax title and on which property taxes are overdue. The treasurer must wait at least six (6) months from the date of a taxing to initiate Land Court foreclosure proceedings (MGL Ch. 60 §65).

Triennial Certification:

The Commissioner of Revenue, through the Bureau of Local Assessment, is required to review local assessed values every three years and to certify that they represent full and fair cash value (FFCV).

Valuation:

The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value.