Overview of the Property Revaluation Process

The law in Massachusetts requires that all property be assessed annually at 100% of its full and fair cash value – the price a willing buyer would pay to a willing seller (arm’s length transaction). The rationale for full value assessments is equality. Houses of equal market value in a community should be equitably assessed. The Assessors of each community are responsible for developing a program to accomplish a fair cash valuation of all property within the community. In addition, a continuing program of equalization must be developed to maintain fair cash values. The first step is to bring all properties in line with market conditions established by actual sales. This is done in accordance with guidelines set by the Department of Revenue to meet triennial certification requirements established by law. The Town of Clinton’s current revaluation is taking place for fiscal year 2016.

Phases of a Property Revaluation Program

1. Data Collection
   The first step of a continuing equalization program is periodic inspection of all properties, paying particular attention to those undergoing renovation that have recently sold, or have been demolished. Inspection and data inventory of the structures on a parcel is an important aspect of any revaluation program. Inspectors will generally inspect each structure unless permission to inspect is denied. When inspection is denied, the assessors will generally estimate the data sought based on observations of the structure and neighborhood. In the case of a denial, the inspector will estimate the value and characteristics of the property to be equal to the best property in the neighborhood. This is to insure fairness to those property owners who cooperate with the inspection process. If the homeowner is not at home at the time of the inspection the data collector will take the exterior measurements. Notification will be left at the property informing the owner that an unsuccessful visit has been made and that the owner should contact the Assessor’s Office to arrange an appointment. If no appointment is made, the data collector will estimate the value and characteristics in the same manner as if access were denied.

2. Sales Analysis & Data Quality Study
   This step will review accuracy and uniformity of building inventories and analyze the sale market. To accomplish this, a data quality study and assessment to sales ratio studies are completed. The market analysis includes all arms-length sales from January 1, 2014 to December 31, 2014. The Department of Revenue does a data quality study and review of the market analysis. Valuation is completed later in the process.

3. Value Determination
   During this phase the determination of market value for every parcel of property within the town is made as of January first (New construction as of June 30, Chapter 653). Any sale used as part of this analysis must meet the guidelines of an arm’s length sales. Arm’s length sales are generally defined as any sale between a willing buyer and a willing seller, where both parties are reasonably informed about market conditions and where neither is under any undue stimulus. Sales that result from estate settlements, foreclosures, Short Sales, divorce or pending divorces generally would not be considered arm’s length transactions. Any non-arm’s length sale as defined in the Department of Revenue’s Guidelines for Classification and Taxation of Property According to Use Property Type Classification Codes will be noted, but not used for analysis. There are three accepted approaches to value; the
market approach, the cost approach and the income approach. The market approach uses market sales of properties similar to the subject. The sales are analyzed and adjusted for differences to forecast what the subject would sell for on the assessment date (January 1st). The cost approach uses current replacement or reproduction cost to estimate market value. Replacement cost is the amount of money necessary to build a new building equal in utility and functionality to the original. The value is calculated by estimating replacement cost, deducting depreciation, and adding the value of the land. Depreciation is an estimate of loss in value from any cause. The typical factors influencing depreciation are age, physical condition, and functionality. The income approach uses potential income of a property to calculate market value. This approach is most applicable for those properties bought and sold for their income producing capabilities. This approach considers the income stream that a property is likely to produce and capitalizes the future benefits of ownership into current market value. Single family homes are not typically bought and sold for their income producing capabilities, therefore the income approach is not normally used.

4. Value Review and Preliminary Certification
A final review of all values will be done, these values are reviewed for accuracy and uniformity. A final assessment to sale ratio study will be prepared to demonstrate that assessments represent full and fair market value and are uniform throughout the community. Department of Revenue preliminary certification is requested at this time. All required certification reports and spreadsheets are given to the Department of Revenue’s Bureau of Local Assessments; they conduct a statistical analysis and perform a preliminary field review. If all standards are met, the Bureau notifies the Town of the preliminary certification.

5. Public Disclosure and Final Certification
Once preliminary certification is given, the public disclosure process begins. The public disclosure program is intended to provide taxpayers with information about their new assessments. Upon completion of the public disclosure program, the Assessors provide the Bureau of Local Assessment with a list of all parcels that will have a proposed final value that differs more than ten percent from the preliminary value previously certified.

6. Final Approval from the Bureau of Local Assessment
The Bureau of Local Assessment notifies the Town that the proposed values represent full and fair cash values. The Town then starts the classification process.

Classification of Property
All properties in the Commonwealth of Massachusetts are classified by use. The Assessors determine the use of the property for the purpose of assessing taxes. All Certified Assessors must meet minimum standards established by the Commissioner of Revenue. All properties are classified according to one of the following uses:

Class One – Residential
Class Two – Open Space
Class Three – Commercial
Class Four – Personal Property

All properties in a community must be classified even if the City or Town taxes all classes at the same rate. Every community must assess all property at full and fair cash value. Only communities that have done both can, at local option, allocate the tax levy among certain classes of property. Clinton has
historically implemented the CIP shift in accordance with Proposition 2 ½.

**Assessment Review and Abatement Procedures**

All property owners should review their new assessments for accuracy. New assessments will be available in the fall prior to the 3rd quarter tax bill issuance. Upon receipt of the third quarter tax bill, issued in late December, a property owner who disagrees with an assessment may apply for an abatement. An abatement application is a formal notice to the Assessors that the taxpayer disagrees with the assessed value. The abatement process is the only legal method to correct assessments once the taxes are committed for collection. Application deadline dates will be included on the third quarter tax bill. Assessors can only act on applications filed timely. Assessors must act on all applications for abatements within three months from the date received by the Assessors. Any abatement granted is for one year only. The abatement procedure is intended to provide property owners with an appeal process. Owners filing an abatement application are appealing the assessed value of the property, not the taxes paid. The assessment must represent full and fair cash value.

Data supporting the Tax Payers opinion of value should be presented at the time of the abatement application. Suitable data would be sales of comparable properties within the assessment sales analysis period, for Fiscal Year 2014 that sales period is January 1, 2014 thru December 31, 2014, an Appraisal performed for Ad Valorem value, values developed by construction cost tables, etc.

The Assessor’s Office will accept all Applications for Abatement but the can only act to change the value if there was a data error or the supporting documentation can suggest that the assessed value was not accurate for the assessment period. The Assessors can only determine your property value, they do not control the spending of the Town and therefore cannot control the actual tax amount that you pay.