

City of Salem



FY16 Classification Hearing

Presented by: Board of Assessors

November 12, 2015

Tax Classification

What happens at the Tax Classification Hearing?

Once property has been classified by value, the Council holds a public hearing to allocate the percentage of tax levy to be borne by each class of property for the fiscal year. The Board of Assessors will provide information and relevant data including the fiscal effects of the available alternatives.

Classification Hearing

The City Council is here to take a vote on the following:

1: Selection of a Residential Factor

- Recommended at 1.65 or .874987

2: Open Space Discount

3: Residential Exemption

4: Small Commercial Exemption

Key Tax Terms

<u>Term</u>	<u>Definition</u>
Levy	The property tax levy is the revenue a community can raise through real and personal property taxes.
Levy Limit	The maximum amount a community can levy in a given year. Equal to last year's levy + 2.5% + new growth.
Levy Ceiling	Equal to 2.5% of the total full and fair cash value of all taxable real and personal property in the community.
New Growth	Increase in the tax base due to new construction, parcel subdivisions, condo conversions, and property renovations, but not due to revaluation. It is calculated by multiplying the increased assessed value by the prior year's tax rate for the property class.
Excess Levy Capacity	The difference between the actual levy and the levy limit.

Salem Taxes Raised – FY16

FY16 Levy Limit \$86,548,205

FY16 Tax Levy \$81,200,463

**The FY16 tax levy is \$5,347,742
less than the \$86,548,205 levy limit.**

This is referred to as “excess levy capacity”.

FY2016 Tax Levy Limitation

<p>FY2015 Levy Limit <i>+2.5% Increase</i> <i>+ FY16 New Growth</i></p>	<p>\$83,270,410 <i>+ \$2,081,760</i> <i>+ \$1,195,035</i></p>
<p>FY2016 Levy Limit (Maximum Levy)</p>	<p>\$86,548,205 <i>(\$5,347,742 under the levy max)</i></p>

What is New Growth?

Property Class	Valuation	Tax Dollars (\$)
Single Family	\$4,515,270	\$74,095.58
Condominiums	\$5,878,700	\$96,469.47
Two/Three Family	\$2,338,000	\$38,366.58
Multi-Family	\$1,780,300	\$29,214.72
Commercial	\$3,349,200	\$103,792.17
Industrial	\$3,625,500	\$112,354.24
Personal Property	\$23,833,180	\$738,590.25
Vacant Land	\$192,100	\$3,152.36

Total New Growth Tax Dollars \$1,196,035

Utility work contributed \$515,000 to new growth.

Sales in Calendar Year 2014

Used to determine FY2016 Values

There were 867 sales utilized
(2 years of sales for multi/com/ind/land):

- 351 condominiums**
- 237 single families**
- 176 multi-families**
- 59 commercial and industrial properties**
- 44 other sales (mixed use, land, etc.)**

FY15 v. FY16 Real Estate Value Change

<u>Class</u>	<u>FY15 Valuation</u>	<u>FY16 Valuation</u>	<u>Δ</u>
Residential	\$ 3,523,220,734.00	\$ 3,802,708,194.00	7.93%
Commercial	\$ 449,497,102.00	\$ 479,297,217.00	6.63%
Industrial	\$ 101,675,040.00	\$ 107,709,840.00	5.94%
Personal Property	\$ 134,283,680.00	\$ 144,065,880.00	7.28%
Combined CIP	\$ 685,455,822.00	\$ 731,072,937.00	6.66%
Total Taxable Property	\$ 4,208,676,556.00	\$ 4,533,781,131.00	7.72%

FY15-16 Avg. Value Change/ Class

<u>Use Class</u>	<u>FY16 # of Parcels</u>	<u>FY15 Value/ Parcel</u>	<u>FY16 Value/Parcel</u>	<u>Δ</u>
Single Family	4,898	\$ 304,400.00	\$ 328,900.00	8.05%
Res. Condo	4,123	\$ 226,300.00	\$ 238,800.00	5.52%
2 Family	1,577	\$ 318,400.00	\$ 345,600.00	8.54%
3 Family	551	\$ 351,900.00	\$ 383,600.00	9.01%
Apartments	345	\$ 859,700.00	\$ 953,900.00	10.96%
Commercial	710	\$ 533,100.00	\$ 599,200.00	12.40%
Industrial	119	\$ 854,400.00	\$ 901,900.00	5.56%

City Wide Parcels

FY2016 = 12,323 Parcels



Average Tax Increase (%) 2005-2015

*Single Family Homes-Surrounding
Communities*



Average Single Family Bill Increase City of Salem 2010-2016



Average Residential Bill

(Condos/Single Family)

Average Residential Home Value	\$287,700
Average Residential Bill Increase	\$93.50
50%	...of Salem single family homes assessed above the average.
50%	...of Salem single family homes assessed <u>BELOW</u> the average.

Average Single Family Bill

Avg. Single Family Home Value	\$328,900
Avg. Bill Increase	\$159
39%	...of Salem single family homes assessed above the average.
61%	...of Salem single family homes assessed <u>BELOW</u> the average.

Average Condo Bill

Avg. Condo Unit Value	\$238,800
Avg. Condo Unit Bill Increase	\$28
45%	...of Salem condo units are assessed above the average.
55%	...of Salem condo units are assessed <u>BELOW</u> the average.

Average Single/Condo Bill – FY16

- The average single family bill (4,898 units) will increase \$159, or roughly \$13 per month.
- The average condominium bill (4,123 units) will increase \$28, or roughly \$2 per month.
- **The average residential bill increase combined (single family/condo) is \$93.50, or roughly \$7 per month.**
- Single family homes and condominiums make up 75% of all residential properties in the City.

Average Two Family Bill

Avg. Two Family Value	\$345,600
Avg. Two Family Bill Increase	\$191
38%	...of Salem two family homes are assessed above the average.
62%	...of Salem two family homes are assessed <u>BELOW</u> the average.

Average Three Family Bill

Avg. Three Family Value	\$383,600
Avg. Three Family Bill Increase	\$236
45%	...of Salem three family homes are assessed above the average.
55%	...of Salem three family homes are assessed <u>BELOW</u> the average.

Average Two/Three Family Bill – FY16

- The average two family bill (1,577 units) will increase \$191, or roughly \$16 per month.
- The average three family bill (551 units) will increase \$236, or roughly \$20 per month.
- Two and Three Family Units make up 20% of all residential units in the City.

Average Commercial

Avg. Commercial Value	\$599,200
23%	...of Salem commercial properties are assessed above the average.
77%	...of Salem commercial properties are assessed <u>BELOW</u> the average.

Assessed Value History 2000-2016



What does it mean to “adopt the residential factor?”

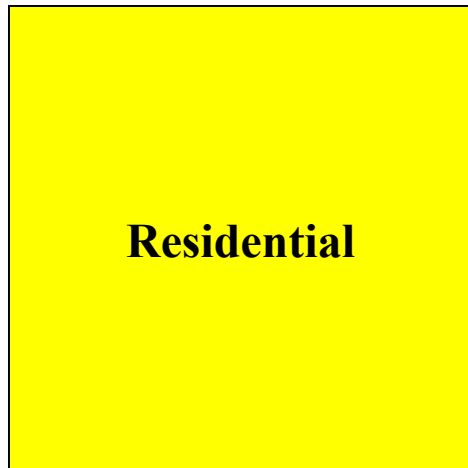
Class	FY16 Value	% Value	Proposed % Tax w/1.65 Shift
Residential	\$3,802,708,194	83.87	73.39
Commercial	\$479,297,217	10.57	17.44
Industrial	\$108,008,340	2.38	3.93
Personal Property	\$144,065,880	3.18	5.24

TAX LEVY CALCULATION

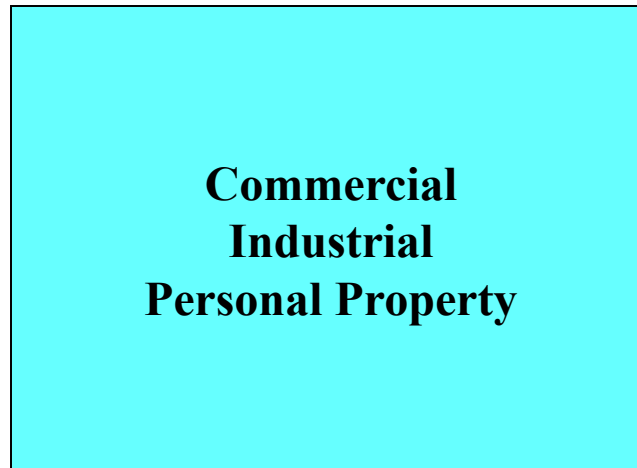
Assuming recommended 1.65 CIP split (.874987)

\$3,802,708,194

\$731,371,437



+



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FY 2016 LEVY

\$81,200,463

X

15.67

X

29.55