



Assessment Administration: Law, Procedures and Valuation

Module 1 – Assessment Administration

Division of Local Services



What you Will Learn

Lesson	Title
1	Annual Property Tax Roll
2	Assessed Owner
3	Assessment Unit
4	Assessment Records and Reports

Objectives



At the end of this lesson, you will be able to:

- Define “annual **property tax roll**”
- Identify the **assessment date** and **fiscal year**
- Identify annual property tax roll **components**

Property Tax Roll Components

The **assessors** prepare a property tax roll for each fiscal year. The property tax roll is used to **assess the property taxes** needed to support a community's annual budget.

Note: The tax roll must be accurate so that property **tax assessments are valid** and the tax collector can collect them.

The Annual Property Tax Roll includes a comprehensive listing of the following:

- Taxable real estate **parcels** and personal property **accounts**
- Assessed **owners** of the parcels and accounts
- **Fair cash valuations** of the property
- **Usage classifications** of the property
- Property tax **assessments** owed by the assessed owners

Assessment Date

The local property tax is an **ad valorem tax** assessed annually based on the **value of taxable property** as of **January 1 preceding** the start of the fiscal year.



Assessment Date January 1

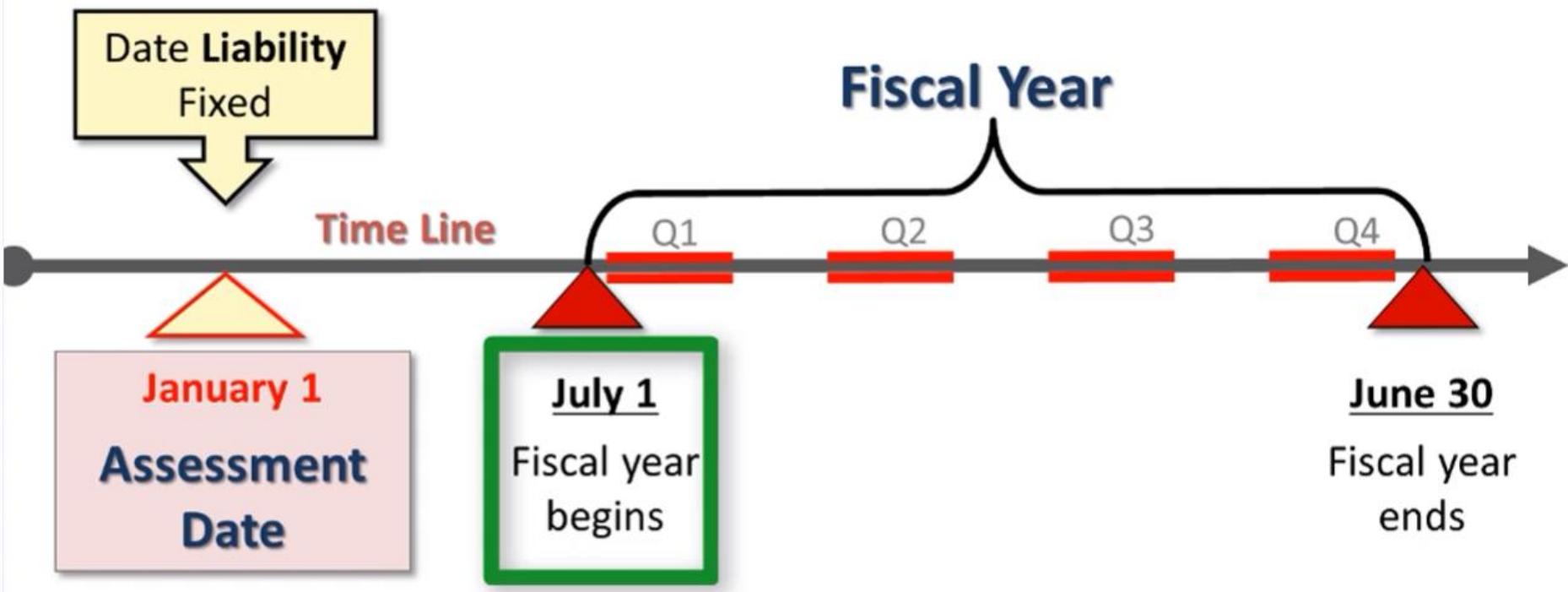
Property status as of **January 1**:

- Ownership
- Physical condition
- Fair cash value
- Usage classification

Determines

1. Property tax assessment
2. Person assessed the tax for the **following fiscal year**

Assessment Date and Fiscal Year



Preparing the Annual Property Tax Roll

What do you **need to know** to prepare the annual property tax roll?



- **What** property is taxable?
- **Who** is the assessed owner?
- **What** is the property's fair cash value?
- **How** is the property used?

Property Taxes – Taxable Property and Assessed Owner

What property is taxable?

You must identify all taxable property that exists as of January 1, which includes all physical:

- Real property
- Personal property

Note: A local option uses the **physical status of real property** on June 30 as if it existed on January 1. Local options are accepted by the legislative body of the city or town.

Who is the assessed owner of that taxable property?

You must identify the **owners** of all real or personal property that exists as of the January 1 assessment date (i.e., the tax liability date)

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Property Taxes – Valuation and Classification

What is the property's fair cash valuation?

- You must determine the **fair cash valuation** of all real and personal property as of January 1



How is the property used?

- You must classify real property as residential, open space, commercial, or industrial use on January 1

Collectibles

Other Taxes and Collectibles

- Apportioned betterments and special assessments
- Overdue charges that are liens

“Collectibles” are amounts owed to your community that you can **add to the tax commitment** so they can be collected as a part of the tax.



Note: The advantage of adding these unpaid charges to the tax commitment is that the collector can collect the amounts through the tax title process if they are not paid.

Summary – Annual Property Tax Roll



Key Concepts

Assessment Date	Property taxes are assessed as of the January 1 before the July 1 beginning of the fiscal year for which they are being raised. The factors that determine the tax assessment and the person or entity assessed and liable for the tax are determined as of that date.
Fiscal Year	The fiscal year begins on July 1 and ends the following June 30. The fiscal year is identified by the calendar year it ends.
Tax Roll	In order to prepare the property tax roll and assess taxes each year, assessors must obtain or update information on properties in their city or town. In addition, they must obtain information about other amounts owed to the city or town that are to be added to and collected as part of the tax.

Lesson 2 Objectives



At the end of this lesson, you will be able to:

- Understand the concept of **assessed owner**
- Determine the assessed owner by:
 - Identifying different types of **real property interests**
 - Understanding the way title to **real property is held**
 - Identifying relevant **ownership records** and where to find them

Assessed Owner

The **assessed owner** is the **owner** of taxable real or personal property on January 1.



→ You assess property taxes to the **owners** of taxable real and personal property on **January 1**

- The assessed owner is **personally liable** (legally responsible) for entire fiscal year's tax even if the property is sold during the fiscal year
 - The allocation of the tax in a purchase and sale agreement is **between those parties** and does not change liability of assessed owner to the city or town for entire fiscal year tax

Note: Your tax collector may send the bill for a tax assessed to the January 1 owner to the new owner under Massachusetts General Laws Chapter 60, Section 3 (M.G.L. c. 60, § 3).



Record Owner

The **owner of record** of land or real estate on January 1 is the **owner** of taxable real property for assessment purposes.

- You find the record owner in the records of **Registry of Deeds** and **Registry of Probate** of the county where the land is located
- Assessment to the record owner is for your **administrative convenience**
 - Your assessment to the **record owner** based on records of registry of deeds and probate is always valid
 - You may assess to another person or entity, but that person or entity must be the **actual owner** on January 1 for the assessment to be valid



Note: You may rely exclusively on public records to determine the owner to assess under M.G.L. c. 59, § 11.

Record Owner - Example

Ann sells her real estate called Blackacre to Barbara

- A new deed is **NOT recorded** at the Registry of Deeds
- Ann is still the **record owner**, but Barbara has **legal title**



Note: Best practice is to assess to the record owner unless you are absolutely certain someone else is the actual owner of the property.



Ownership Records - Sources

Registry of Deeds

Houses documents that transfer interests in real estate:

- Deeds
- Mortgages
- Certificates of Title
- Trust Documents



Registry of Probate

Houses documents that transfer property of deceased persons:

- Probate filings and wills
- Documents related to persons dying without wills



- You can obtain copies of **Registry of Deeds records** from the Register of Deeds under M.G.L. c. 36, § 24B, or from private services. Most Registries of Deeds also have their records online.
- You can obtain copies of **Registry of Probate records** from the Register of Probate under M.G.L. c. 217, § 16A. Registries of Probate generally do not have their records online.

Deeds

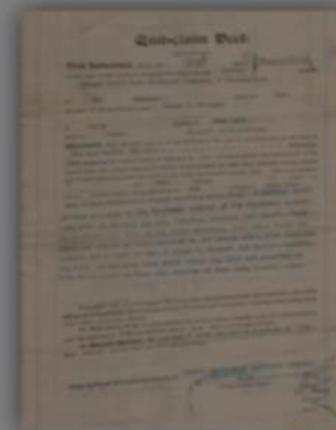
A **deed** is a **written** legal instrument signed by the **grantor** to transfer an ownership interest in real estate to another party.

A deed includes the following information:

- The name of the grantor (seller)
- The name of the grantee (buyer and new owner)
- The date the grantor signed the deed
- The date the deed was recorded
- A legal description of the property conveyed

Note: If there is a discrepancy in the deed between the land area stated in the deed and the actual land area contained within the description, the legal description prevails.

- The grantor's signature
- The book and page number where the deed to the grantor is recorded (title reference)
- The book and page number where the deed is recorded



Sample Deed

Where you will find:

- Grantor name 
- Grantee name 
- Property description 
- Grantor signature 
- Title reference to where deed to grantor is recorded 
- Title reference to this deed 



Deed Types

Deeds can be **described** or **classified** in different ways.

- Deeds are classified by the **covenants or guarantees** included about the quality of the **grantor's title** and the grantor's obligation to **defend** a grantee and successors from adverse claims
 - For example, **quitclaim** deeds used in Massachusetts transfer **whatever title** the grantor has and guarantees the **seller** has not done anything to cloud title
- Deeds are classified by **who the grantor** is, or the **purpose** of the deed
 - For example, a **Sheriff's Deed** is given by sheriff when property is sold to satisfy a court judgment



Certificates of Title

A **certificate of title** is a **written** legal instrument that transfers ownership of **registered land**.

- Land is “registered” through a **Land Court proceeding** which establishes ownership, often when there is a dispute
- A **certificate and decree plan** is recorded in the **Land Court section** at the Registry of Deeds
- The **certificate of title**:
 - Describes the property
 - Lists easements or encumbrances
 - Identifies how the property is owned
- A **transfer** of an ownership interest in registered land is also **registered**



Property Interests

You generally assess the person or entity who is the owner or holder of the **present legal interest** in the property.



- A **present interest holder** is the person or entity who is **currently** entitled to **possession, use and enjoyment** of the property
- A person or entity holds a **future**, not a present, **interest** in the property if the person or entity is **not currently** entitled to possession, use and enjoyment of property and **that right** to possession, use and enjoyment will come into being at a **future time**

Fee Simple

The owner of a **fee simple** interest in real estate is the **owner** of the property for property tax **assessment and exemption** purposes.

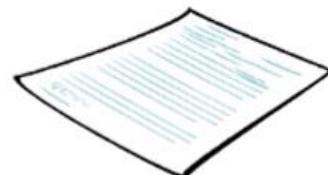
A fee simple interest gives the owner **all the rights and benefits** associated with ownership of property

- The **owner and owner's heirs** have the **present right to possess** (occupy) the property (present interest) and their ownership is of potentially indefinite duration
- The owner may mortgage, rent or lease the property and **transfer full ownership** to someone else by deed, will or inheritance
- The owner has full ownership rights regarding the **use or disposition** of the property, i.e., the person or entity owns it all



Life Estate

The holder of a life estate is the **owner** of the property for property tax **assessment and exemption** purposes.



→ A life estate **divides** legal title to a property **by time** and creates **successive interests** in the property

- The **life tenant** holds the **present, possessory** interest
- The **remainderman** holds the **future, remainder** interest
- A life estate's duration is limited to and measured by a **person's life**
- A life estate may be created by a **deed, will or recorded lifetime lease**

Note: The life tenant may **convey his or her life estate** to another person, but cannot mortgage, sell or convey the **fee simple and future interest** of the remainderman unless the instrument creating the life estate gives the life tenant that power.

