



Board of Assessors

Tax Classification Hearing Fiscal Year 2024
Cheryl Hanly, Principal Assessor

Fiscal Year 2024

Tax Classification Hearing

- Purpose
- Assessed values & changes from FY23
- 1.35M Override
- Levy limit, maximum levy, excess levy capacity
- Split tax rate vs. single rate - impact on the average single-family tax bill
- How Hopedale's single-family tax bills compare to surrounding communities
- Other tax options – residential exemption & small commercial exemption
- BOA recommendations
- Select Board must vote on a residential factor, residential exemption and small commercial exemption
- Conclusion

Purpose of the Tax Classification Hearing

Before the tax rate can be set, the Select Board must hold a public hearing each year to consider the tax rate options available to the municipality under property tax classification. The hearing is held after the assessors have determined final values and classified all properties and reported this information to the Department of Revenue. These values set the parameters for the options the town may adopt.

The Classification Hearing does **not** determine how much money can be raised nor does it decide the Town's budget. It only determines the distribution of the tax levy among the property class types.

Assessment Classification Detail Report (LA-4) – Fiscal Year 2024

Property Type	Parcel Count	Class1 Residential	Class2 Open Space	Class3 Commercial	Class4 Industrial	Class5 Pers Prop
101	1,477	715,795,060				
102	456	145,141,700				
MISC 103,109	12	9,162,000				
104	109	47,764,500				
105	9	4,024,600				
111-125	3	10,545,300				
130-32,106	189	6,614,300				
200-231	0		0			
300-393	86			50,466,600		
400-442	74				43,303,700	
450-452	1				392,300	
CH 61 LAND	0	0	0	0		
CH 61A LAND	0	0	0	0		
CH 61B LAND	2	0	0	182,493		
012-043	8	2,909,622	0	1,802,578	600,600	
501	64					3,041,590
502	62					3,865,590
503	0					0
504	3					24,197,110
505	4					2,963,300
506	2					1,590,700
508	2					432,920
550-552	2					860,000
TOTALS	2,565	941,957,082	0	52,451,671	44,296,600	36,951,210
Real and Personal Property Total Value						1,075,656,563
Exempt Parcel Count & Value				91	93,264,785	

The LA4 shows the number of parcels and value for each class of property.

Hopedale's total taxable value for FY2024 is 1,075,656,563, and the **average single-family home value** (Property Type 101) is **\$484,628**.

This is an increase of \$36,459 from last year's average single-family value of \$448,169.

The values for FY2024 are determined on the Full and Fair Cash Value as of January 1, 2023.

Why do we change assessed values?

We are required to. Under the guidelines of the Department of Revenue and Massachusetts General Laws, Chapter 59, we are required to assess property at 100% full and fair cash valuation. Assessed values must reflect the market, i.e., what properties are selling for.

How did values change in Fiscal Year 2024?

<u>Property Class:</u>	<u>%Change</u>
Residential – Single Family	8.1%
Residential – Condominium	9.7%
Commercial	2.3%

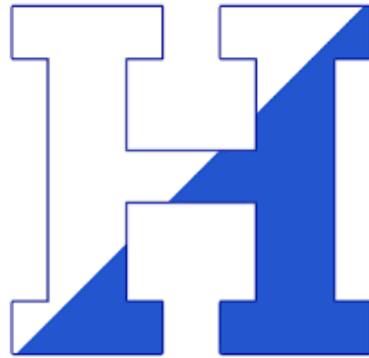
FY2024 Proposition 2.5% Override

Hopedale taxpayers faced a difficult decision during a Special Town Election held on May 23, 2023. If voters decided against an override, the library and senior center would have closed and there would have been drastic cuts of teachers, sports programs, transportation services and summer programs.

Question 1: Shall the Town of Hopedale be allowed to assess an additional \$1,350,000 in real estate and personal property taxes for the purpose of funding the Town's contingent operational budget for the fiscal year beginning July 1, 2023?

RESULTS:

- YES TOTAL VOTES: 1075
- NO TOTAL VOTES: 403



Voters overwhelmingly chose in favor of the override, preserving core programs the community relies on.

Fiscal Year 2024 Levy & How a Single Tax Rate is Calculated

Levy to be raised: **\$19,522,806**
Maximum Allowable Levy : \$19,582,858
Excess Levy Capacity: \$60,052

Total Value of all property in town: \$1,075,656,563

Tax Levy: \$19,522,806 divided by
Total Value: \$1,075,656,563
=0.018149 multiplied by 1000

= Single Tax Rate of \$18.15

Single or Split Tax Rate?

Municipalities must decide whether to tax all classes of property at their full and fair cash valuation share of the tax levy, which results in a single tax rate, or to reduce the share of the levy paid by the residential property owners and shift a portion of those taxes to commercial, industrial and personal property taxpayers (CIP), which results in a split tax rate.

Historically, Hopedale has opted for the maximum shift of 150% to the CIP taxpayers. This year, our residential values increased at a higher rate than our commercial values. As a result, our residential tax base increased by 0.5063, tipping us into uncharted territory as far as our split tax rate is concerned.

A 150% shift would result in the residential taxpayers paying a marginally higher percentage of the levy this year than in Fiscal 2023. Because of this difference, Chapter 200 of M.G.L. c. 58 s.1A allows us to expand the maximum shift of up to 175%

The Board of Assessors recommends a shift of 160%, which offers the most fair and equitable distribution of the tax levy for all taxpayers.

Impact of a Shift Tax Rate

The table below illustrates what portion of the levy would be paid by the Residential and CIP classes ranging from a Residential Factor of "1", and several scenarios up to the Minimum Residential Factor of 0.893500, which results in shifting the highest amount possible to the CIP properties.

**please note the tax rates stated below can change slightly during the DOR approval process.*

CIP Shift	Res Factor	CIP Levy%	Res Levy%	Res Tax Rate	CIP Tax Rate	Avg Res Bill \$Change	Med C&I Bill \$Change	Avg Res Bill % Change	Med C&I Bill % Change
1.00	1.000000	12.4%	87.6%	\$18.15	\$18.15	\$1,292.39	-\$2,575.22	20.6%	-30.6%
1.25	0.964500	15.5%	84.5%	\$17.51	\$22.69	\$1,025.99	-\$1,117.43	16.4%	-13.3%
1.40	0.943200	17.4%	82.6%	\$17.12	\$25.41	\$863.66	-\$244,04	13.8%	-2.9%
1.50	0.929000	18.6%	81.4%	\$16.86	\$27.22	\$755.44	\$337.16	12.1%	4.0%
1.60	0.914800	19.9%	80.1%	\$16.60	\$29.04	\$647.21	\$921.56	10.3%	11.0%
1.70	0.900600	21.1%	78.9%	\$16.35	\$30.85	\$543.15	\$1,502.75	8.7%	17.9%
1.75	0.893500	21.8%	78.2%	\$16.22	\$31.76	\$489.04	\$1,794.95	9.8%	21.4%



Projected vs. Actual Increases to the Single Family

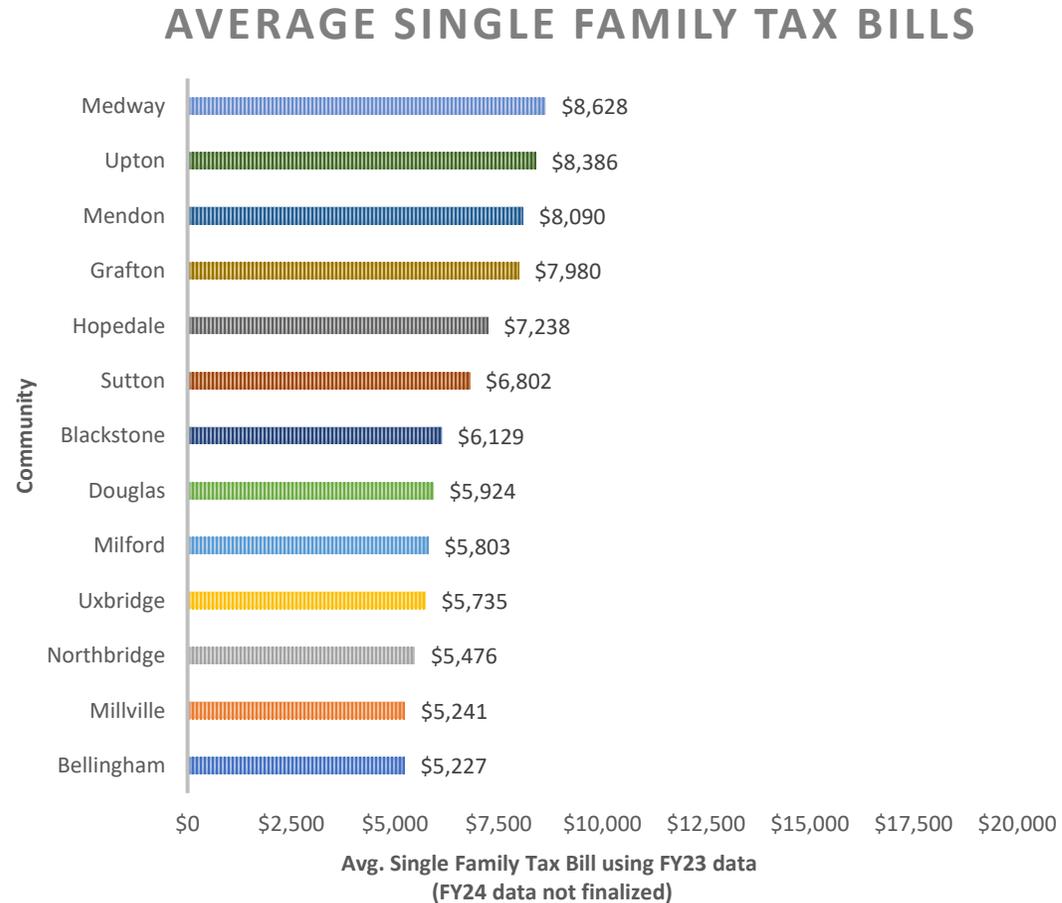
The impact of the 2.5% override was projected to increase the average single-family tax bill by \$562, exclusive of incremental increases. Incremental adjustments were estimated to add \$268, resulting in a forecasted \$830 combined increase.

The recommended 1.60 shift brings us in line with those projections, and results in an average single family tax bill of \$8044.82 for Fiscal Year 2024

CIP Shift	Res Factor	Res Tax Rate	Avg Single Family 101 Bill \$Change	Avg Single Family 101 Bill % Change
1.00	1.000000	\$18.15	\$1,558.06	21.5%
1.25	0.964500	\$17.51	\$1,247.90	17.2%
1.40	0.943200	\$17.12	\$1,058.89	14.6%
1.50	0.929000	\$16.86	\$932.89	12.9%
 1.60	0.914800	\$16.60	\$806.88	11.1%
1.70	0.900600	\$16.35	\$685.73	9.5%
1.75	0.893500	\$16.22	\$622.73	8.6%

FY23 Average Single Family Tax Bill Comparison

How we compare to surrounding communities



Residential Exemption

Enacted in 1979, the residential exemption is an option under property tax classification that shifts the tax burden within the residential class from owners of moderately valued residential properties to the owners of vacation homes, higher valued homes and residential properties not occupied by the owner, including apartments. Exemptions cannot exceed 35% of the average assessed value of all residential properties.

Communities that choose to adopt this exemption are often large cities or towns with many nonowner-occupied properties such as apartment buildings (Boston, Brookline, Cambridge) or resort communities with many seasonal residents (Nantucket, Provincetown, Wellfleet).

Hopedale does not currently have a residential exemption.

Small Commercial Exemption

- An exemption of up to 10% of the property valuation for commercial (class 3) properties only.
- Eligible businesses cannot have more than 10 employees.
- Parcel value cannot exceed \$1,000,000.
- If a parcel is occupied by multiple commercial occupants, all occupants must be eligible businesses.
- Exemption goes to the building owner, not the small business.
- Too few businesses are eligible for this exemption as per the Department of Unemployment Assistance (DUA) to recommend this option.
- **Hopedale does not currently have a small commercial exemption.**

FY2024 Board of Assessors Recommendations

Select a residential factor of 0.9148 which equates to a 1.6% shift to the CIP class

Do not adopt: Residential Exemption

Do not adopt: Small Commercial Exemption

Select Board to vote



Thank you!

Board of Assessors