





TOWN OF HOPKINTON
Board of Assessors
18 Main St., Hopkinton MA 01748

November 16, 2021

From: Timothy M. O’Leary, Chief Financial Officer 

Via: Norman Khumalo, Town Manager 

To: Hopkinton Select Board, Hopkinton Board of Assessors

The Finance Department presents this information to assist the Select Board and the Board of Assessors in discussing specific decisions on available property tax options; and also to provide a summary of Town property valuation for the year. The specific decisions for review are:

1. Whether or not to apply a Residential Property Tax Factor (percentage), which could shift the tax burden from the “residential and open space classes” to the “commercial, industrial and personal property classes.”
2. Whether or not to grant an Open Space Property Tax Discount.
3. Whether or not to grant a Residential Property Tax Exemption.
4. Whether or not to grant a Small Commercial Property Tax Exemption.

Selection of a Residential Factor:

The tax classification process allows cities and towns to establish different tax rates for different classes of property, which is known as a “split tax rate.” Split tax rates shift the tax burden from one class of property to another class of property. State law allows for a shift of tax burden in either direction between residential and the other classes of property (commercial, industrial, personal). Some communities with very large commercial, industrial, and personal property footprints shift taxes to those sectors to provide residential property tax relief. Because Hopkinton’s tax base is 83% residential valuation, it would take a very large increase in taxes on commercial, industrial, and personal property to provide even a small amount of relief for residential taxpayers. As an example, if commercial, industrial, and personal property taxes were increased by 25%, it would provide a 5.1% residential property tax reduction. Hopkinton has not adopted a residential factor in past years.

Open Space Discount

State law allows the Select Board to institute a property tax discount for Open Space properties, also known as “class two” properties. The discount may reduce the amount of the tax levy paid by the open space class up to 25 percent. Under law, reducing the tax on this property category would shift the foregone tax to the residential class alone, resulting in a higher residential tax rate. There is only 1 community of 351 in the Commonwealth with the Open Space Discount. Hopkinton has not adopted an open space discount in past years.

Residential Exemption

State law allows the Select Board to institute a residential exemption for all residential properties that are the principal residence of the taxpayer on January 1. The exemption may be up to 20 percent of the average assessed value of all (class one) residential properties. The amount of the tax levy paid by the residential class remains the same, but because of the exempted valuation, the tax rate on the amount not subject to exemption goes up to satisfy the tax levy. This has two tax impacts. First, it shifts tax from principal residences to vacation and rental homes. Second, because a base amount of each principal residence is exempt from property tax, taxes rise on the amounts above the exemption amount, which typically increases taxes on higher value homes that carry a larger percentage of the tax burden. There are 15 of 351 communities in the Commonwealth that use the residential exemption, and they are typically cities with a high percentage of rental properties and towns with a high percentage of vacation homes. Hopkinton has not adopted a residential exemption in past years. (The once cent difference in tax rates for residential that arises from the Circuit Breaker Means Tested Senior Exemption is a tax difference, but it does not meet the criteria to be characterized as a split tax rate.)

Small Commercial Exemption

State law allows the Select Board to institute a small commercial exemption for all (class three) commercial properties that are occupied by businesses with an average annual employment of no more than 10 people and an assessed valuation of under \$1,000,000. The exemption may be up to 10 percent of the assessed value of each eligible property. For a business to qualify, the Director of the Department of Workforce Development (DWD) must certify that it had an average annual employment of 10 or fewer people at all locations during the preceding calendar year. By July 1 of each year, DWD provides assessors with a list of businesses that met that employment criterion. If a sole proprietorship or partnership does not appear on the certified list, the assessors may determine whether it met the employment criterion for the preceding calendar year. In terms of tax rate impact, adopting a small commercial exemption increases the commercial and industrial tax rates. The amount of the tax levy paid by those two classes remains the same, but because of the exempted valuation, there is a shift in tax burden from the exempted property owners to all other commercial and industrial property owners. There are 14 of 351 communities in the Commonwealth that use the commercial exemption. Hopkinton has not adopted a small commercial exemption in past years.

Summary of Valuation

The total taxable value of taxable property in the Town is \$4,853,014,321, of which 83% is residential and 17% is commercial, industrial and personal property. The average single-family property is assessed at \$681,100 compared to \$655,500 in the previous year (+3.9%). The average \$681,100 residence represents 1.403 hundredths of one percent of the total valuation of

the Town's property; meaning that the average homeowner pays 14.03 cents toward every \$1,000 spent from the property tax levy. Last year, the average homeowner of a \$655,500 home paid 14.55 cents toward every \$1,000 spent from the property tax levy. Condominiums have an average assessment of \$497,000.

New growth for Fiscal Year 2022 is \$200,044,595, generating \$3,415,606 in tax dollars, compared to new growth of \$126,970,570, generating \$2,135,061 in tax dollars for Fiscal Year 2021. The largest categories of new growth include the personal property class at \$113,947,740, (with about 77% of that increase tied to improvements at the Hopkinton LNG facility on Wilson Street); the condominium class at \$61,769,550, with 137 new construction units; and the single-family class at \$22,405,905, with 51 new construction units. 43.7% of all new growth recorded is connected to taxable personal property at the Hopkinton LNG facility.

The condominium and single-family growth is the result of several building permits for new condominium construction at Legacy Farms North, the Trails Condominium, and new single-family construction; and building permits for items such as additions, bathrooms, decks, finished basements, garages, sheds and swimming pools.

If the Town continues its prior practice of maintaining a single tax rate, residents can expect to see an average tax increase of approximately 2.86% on properties in place from prior years. Please recall that the projected tax impact includes about 0.56% tied to capital projects approved by voters at the polls as excluded from the tax levy limits, above and beyond the tax levy increase allowed under Proposition 2 1/2. Please also note that additions, renovations or other changes to an individual property would result in a further valuation increase and a higher percentage increase in the tax assessment and the tax bill.

The following chart illustrates the percentage increase in property values by class over the last five years:

Percentage Increase in Property Value by Class	Commercial	Industrial	Personal Property	Residential
Fiscal Year 2017	8.0%	2.5%	-2.0%	7.0%
Fiscal Year 2018	5.5%	2.0%	30.0%	7.0%
Fiscal Year 2019	9.5%	1.5%	20.0%	5.0%
Fiscal Year 2020	10.5%	2.0%	8.0%	5.0%
Fiscal Year 2021	6.0%	3.0%	6.0%	3.5%
Fiscal Year 2022	0.0%	7.5%	44.0%	6.0%

The following chart shows the top ten taxpayers for Fiscal Year 2022, reflecting Eversource rising as the top taxpayer as the result of improvement work at the Wilson Street facility:

Top Ten Taxpayer List			
	2022 Real Estate Assessed Value	2022 Personal Property Assessed Value	2022 Total Value
Hopkinton LNG Corporation	\$77,613,676	\$114,245,160	\$191,858,836
Dell/EMC Corporation	\$148,589,800	\$1,193,940	\$149,783,740
NSTAR Electric Company	\$2,605,600	\$72,408,260	\$75,013,860
IMP Hopkinton LLC	\$69,037,200	\$46,530	\$69,083,730
Breit MF Woodview Way LLC	\$62,666,800	\$135,910	\$62,802,710
NSTAR Gas Company	\$0	\$27,855,300	\$27,855,300
Golden Pond Resident Care	\$23,837,800	\$103,540	\$23,941,340
Paul Mastroianni	\$21,920,200	\$0	\$21,920,200
John F. Fitzgerald, Trustee	\$16,640,400	\$0	\$16,640,400
Verizon New England	\$636,300	\$14,026,600	\$14,662,900

I would like to thank the Board of Assessors, Lesley Ficarri, Gunajit Medhi, and Adam Munroe, for their outstanding contributions during the tax rate setting process. I would also like to thank Deputy Assessor Renee Chen, Senior Accounting Manager Ben Sweeney, and Treasurer/Collector Chris Heymanns for their contributions to the tax classification review process; along with the contracted support staff who helped the Town through this process in the absence of an appointed Chief Assessor.