

## THE PROCESS TO SET THE TAX RATE – FISCAL YEAR 2016

The Bureau of Local Assessment of the Department of Revenue for the Commonwealth of Massachusetts provides detailed guidelines to assist assessors to plan and perform a reassessment program necessary to achieve full and fair cash value assessments, in accordance with the requirements of Massachusetts General Laws, Chapter 40, Section 56 and Chapter 58, Sections 1, 1A and 3.

The Town of Hopkinton completed a recertification of values as required by the Department of Revenue and received preliminary approval of those values. The Fiscal Year 2016 values are based on the value of property on January 1, 2015 and were developed based on calendar year 2014 sales; on income and expense information received from commercial and industrial properties; and from information received on personal property accounts.

A public disclosure advertisement was published in the Metro West Daily News on October 6, 2015 advising Hopkinton property owners that the proposed values were available for review at Town Hall and the Library during normal business hours from October 7, 2015 to October 16, 2015 and were on the town's website at [www.hopkintonma.gov](http://www.hopkintonma.gov) under the assessor's page listed as 2016 Proposed Values For Real Estate and Personal Property.

It was suggested that any taxpayer who was concerned with the accuracy of the valuation of their property should visit or call (508 497-9720) the Assessor's office.

At the end of the public disclosure period, we requested and received final certification of the assessed values from the Department of Revenue.

There are many reasons why a property assessment may increase or decrease in value. These might include additions, certain topographical conditions to the site like a location below street grade or ledge or wetlands, changes to the land value or the lot size or the cost of construction or the depreciation tables, changes to the information on the property record card, conservation restriction, deed restriction, demolition, fire damage, land that has no access and is not buildable, location on the water, renovations, vacant site with new construction that is now a finished condominium or single family house or commercial or industrial building, or changes in the income and expense information on commercial and industrial properties.

The responsibility of the Assessor is to fairly value all of the property in Town. ***The Assessor does not set the tax rate.*** The tax rate is determined each year as a result of the amount of money town residents decide to spend at Town Meeting. Hopkinton has an Open Town Meeting Form of Government where all the residents can participate in the democratic process within the established guidelines. The residents share the responsibility for any increase or decrease in the total amount of spending and therefore any increase or decrease in the tax rate. The residents choose what services they would like the town to provide and determine whether or not they can afford those services. It is similar to planning a family budget. ***So in effect the residents of Hopkinton that participate in the Town Meeting process actually are participants in setting the tax rate.***

The tax levy is the total amount of money that needs to be raised from taxes and is the difference between the amount of money necessary to operate the town that includes items like ambulance service, benefits and salaries for municipal employees, building and liability insurance, facilities management, human services, IT services, library, police and fire protection, school system, snow removal, state assessments, Town Counsel, town elections, town reports and vehicle maintenance and the amount of money received by the town that includes items like ambulance fees, Chapter 70 education funds, charges for licenses and permits, fines and forfeits, inspection fees, investment income, local aid, lottery receipts, motor vehicle excise taxes, other departmental revenue, payments in lieu of taxes, payment for state owned land, payment for exemptions, state aid and water and sewer fees.

The tax rate is then calculated by the following equation -

Tax Levy	\$55,343,648
Divided by The Real and Personal Property Total Value of the Town for Fiscal Year 2016	\$3,249,773,804
Equals the Proposed Tax Rate	\$17.03

While the taxes in Hopkinton might be higher than the taxes on a similar style and size single-family home in Franklin or Milford, there are also different characteristics and demographics between Hopkinton and those towns. Franklin and Milford have a larger population, a broader tax base and more commercial and industrial type properties that all contribute to the total tax revenue.

Perhaps the better comparisons to Hopkinton might be Holliston or Medfield or Westborough for example? And the unfortunate part of the equation is that when the total valuation of all of the property in the town is lower than the total valuation for the previous year, then the tax rate needs to be higher than the previous year unless the town votes to operate on a lower budget than the previous year and this scenario could increase the annual tax on a property; or conversely, when the total valuation of all of the property in the town is higher than the total valuation for the previous year, then the tax rate would be lower but if the assessed value of property is higher than the previous year and unless the town votes to operate on a lower budget than the previous year this scenario could increase the annual tax on a property.

The following chart compares Hopkinton to some other similar or surrounding communities:

<u>Town</u>	<u>Residential Tax Rate</u> <u>Fiscal Year 2015</u>	<u>Residential Tax Rate</u> <u>Fiscal Year 2016</u>	<u>Percentage</u> <u>Increase or Decrease in Tax Rate</u>
Ashland	\$17.30	\$17.00	-1.50%
Foxborough*	\$15.19	\$14.82	-2.50%
Framingham*	\$17.82	\$17.38	-2.50%
Franklin	\$14.84	\$14.50	-2.50%
Holliston	\$19.38	\$18.79	-3.00%
Hopkinton	\$17.96	<b>\$17.03</b>	-5.00%
Medfield	\$16.04	\$16.75	4.50%
Medway	\$18.24	\$18.11	-1.00%
Milford*	\$17.55	\$17.18	-2.50%
Sherborn	\$20.32	\$20.57	1.00%
Southborough	\$16.02	\$15.82	-1.00%
Upton	\$16.95	\$18.56	9.50%
Walpole*	\$15.70	\$15.56	-1.00%
Westborough	\$18.59	\$17.77	-4.50%

\* Community with split rate

A homeowner who is concerned with the accuracy of the valuation of their property might read the article entitled "**Procedure for Real Estate Tax Abatement**" that explains the process to follow to file for an abatement. This article is available at Town Hall and is posted on the Town Website on the assessor's page with the abatement application. Remember that the assessed value represents the value of the property on *January 1, 2015* and not the current value of the property.