

CLASSIFICATION HEARING

Board of Assessors -

Lya Batlle-Rafferty, Chair
Lesley Ficarri, Member
Gunajit Medhi, Member

John H. Neas
Principal Assessor



Part 1 – Board of Assessors



Part 2 – Principal Assessor



Classification Letter



TOWN OF HOPKINTON
BOARD OF ASSESSORS

18 Main Street
Hopkinton, MA 01748
Phone: (508) 497-9720
Fax (508) 497-9786

November 19, 2019


To the Select Board and the Citizens of Hopkinton:

The Board of Assessors and the Principal Assessor appear before the Select Board this evening to present information to assist the Select Board in making decisions in reference to property tax options. These decisions are:

1. Selection of a Residential Factor or whether to shift the tax burden from the 'residential and open space class' to the 'commercial, industrial and personal property class', and if so, by what percentage.
2. Whether or not to grant an Open Space Discount.
3. Whether or not to grant a Residential Exemption.
4. Whether or not to grant a Small Commercial Exemption.

Residential Factor

The tax classification process allows cities and towns to have different tax rates for different classes of property. This allows the Board of Selectmen to make a decision on whether or not to adopt a split tax rate and shift the tax burden from one class of property to another class of property. The statute provides a maximum allowable portion of the tax levy up to 175% to shift to the commercial, industrial and personal property class and a minimum allowable portion to shift to the residential class.



Open Space Discount

The selectmen or council may allow for a discount for all Class Two, Open Space properties.

Amount

The discount may reduce the amount of the tax levy paid by the open space class to no less than 75 percent of its full and fair cash share of the levy, *i.e.*, may allow a discount of up to 25 percent.

Tax Rate Impact

Adopting an open space discount lowers the open space tax rate because the amount of the levy paid by the class is reduced. Those taxes are *shifted* to the residential class alone, which means a higher residential tax rate.

There is 1 of 351 communities with the Open Space Discount.



Residential Exemption

The selectmen or mayor, with the approval of the council, may grant a residential exemption to all Class One, Residential properties that are the principal residence of the taxpayer on January 1.


Amount

The exemption may not exceed 20 percent of the average assessed value of all Class One, Residential properties. To calculate the exemption, the assessors first determine the average assessed value of all residential parcels. The adopted percentage is applied to this amount. The assessed valuation of each residential parcel that is the domicile of the taxpayer is then reduced by that amount.

Tax Rate Impact

Adopting a residential exemption increases the residential tax rate. The amount of the tax levy paid by the class remains the same, but because of the exempted valuation, it is distributed over less assessed value. This higher rate creates a *shift* within the class that reduces the taxes paid by homeowners with moderately valued properties. Those taxes are then paid by owners of rental properties, vacation homes and higher valued homes.

There are 16 of 351 communities with the Residential Exemption.



Small Commercial Exemption

The selectmen or mayor, with the approval of the council, may grant a small commercial exemption to 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 less than \$1,000,000.

Amount

The exemption may not exceed 10 percent of the assessed value of each eligible Class Three, Commercial property.


Eligible Business

For a business to qualify, the Director of the Department of Workforce Development 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, the Director 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.

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, it is distributed over less assessed value. This higher rate creates a *shift* that reduces the taxes paid by owners of properties occupied by small businesses and shifts them to larger commercial and industrial taxpayers.

There are 15 of 351 communities with the Commercial Exemption.



The total taxable value of the town is \$4,286,738,726 of which 84% is residential and 16% is commercial, industrial and personal property.

The residential percentage at 84% and the commercial/industrial/personal property percentage at 16% has remained relatively unchanged over the past several years.

The average single family property is assessed at \$632,500 compared to \$599,500 in the previous year.

New construction in the condominium class has continued to be significant with a total now of 1,293 condominium units and an average assessment of \$360,900 compared to a total of 970 condominium units and an average assessment of \$399,200 last year.

New growth for Fiscal Year 2020 is \$134,919,840 or \$2,316,574 in tax dollars compared to a figure of \$131,340,349 or \$2,219,652 in tax dollars for Fiscal Year 2019.

The largest categories of new growth include the single family class at \$23,100,830, the condominium class at \$59,395,100 and the personal property class at \$32,226,260.

The single family growth and the condominium growth is the result of 125 ± building permits for new single family construction and new condominium construction at Legacy Farms North; and building permits for items such as additions, bathrooms, decks, finished basements, garages, sheds and swimming pools.

The property tax levy provides 70% \pm of the revenue that is required to fund the municipal government and services of the Town of Hopkinton.


If the town continues its prior practice of maintaining a single tax rate, the town residents can expect to see an average increase of 5% \pm in their Fiscal Year 2020 property tax assessment. Additions or renovations or other changes to the 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:

<u>Percentage Increase in Property Value by Class</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Personal Property</u>	<u>Residential</u>
Fiscal Year 2016	8.0%	5.0%	12.0%	8.5%
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%

The following chart shows the top ten taxpayers for Fiscal Year 2020:

<u>Top Ten Taxpayer List</u>			
<u>Name</u>	<u>2020 Real Estate Assessed Value</u>	<u>2020 Personal Property Assessed Value</u>	<u>2020 Total</u>
Dell/EMC Corporation	155,364,300	79070	155,443,370
Hopkinton LNG Corporation	56,503,600	28,824,720	85,328,320
IMP Hopkinton LLC	69,034,000	1,325,610	70,359,610
NSTAR Electric Company	2,543,900	59,120,510	61,664,410
Breit MF Woodview Way LLC	61,084,600	43,900	61,128,500
NSTAR Gas Company	0	23,446,830	23,446,830
Paul Mastroianni	21,263,700	0	21,263,700
Golden Pond Resident Care	20,649,400	103,540	20,752,940
Verizon New England	630,400	15,635,600	16,266,000
Hopkinton Retirement Residence	14,399,700	921,250	15,320,950



One of the more meaningful discussions tonight concerns the relative tax effect of a split tax rate. The residential to commercial/industrial/personal property ratio is 84% to 16%. The various examples provided later this evening will demonstrate what the increase in taxes would be to a commercial property or to an industrial property or to a personal property account and what the decrease in taxes would be to a residential property with a split tax rate and a shift in taxes to the commercial and industrial and personal property class.

The Board of Assessors hopes that this information and the following presentation by the Principal Assessor will be helpful to you. The members of the Board of Assessors are present tonight and would be happy to respond to any questions you might have after the next portion of the presentation.

Respectfully submitted,

Lya Batlle-Rafferty, Chair
Lesley Ficarri, Member
Gunajit Medhi, Member

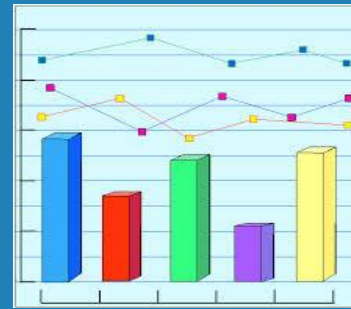
Hopkinton Board of Assessors

PROPOSED TAX RATE

- **The proposed tax rate for Fiscal Year 2020 is \$16.83 for residential property and \$16.81 for commercial/industrial/personal property**
- **In general, the different classes of property increased from 2% to 10% + or -.**

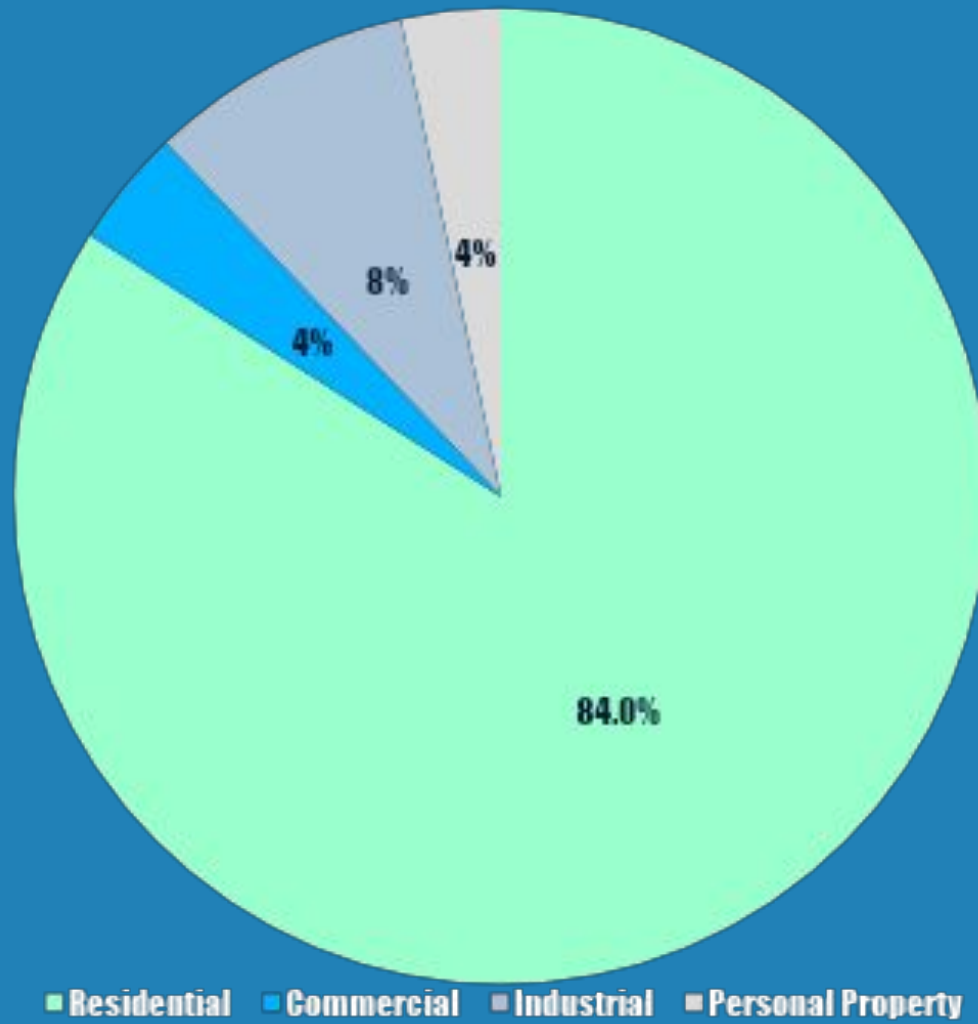


Statistics

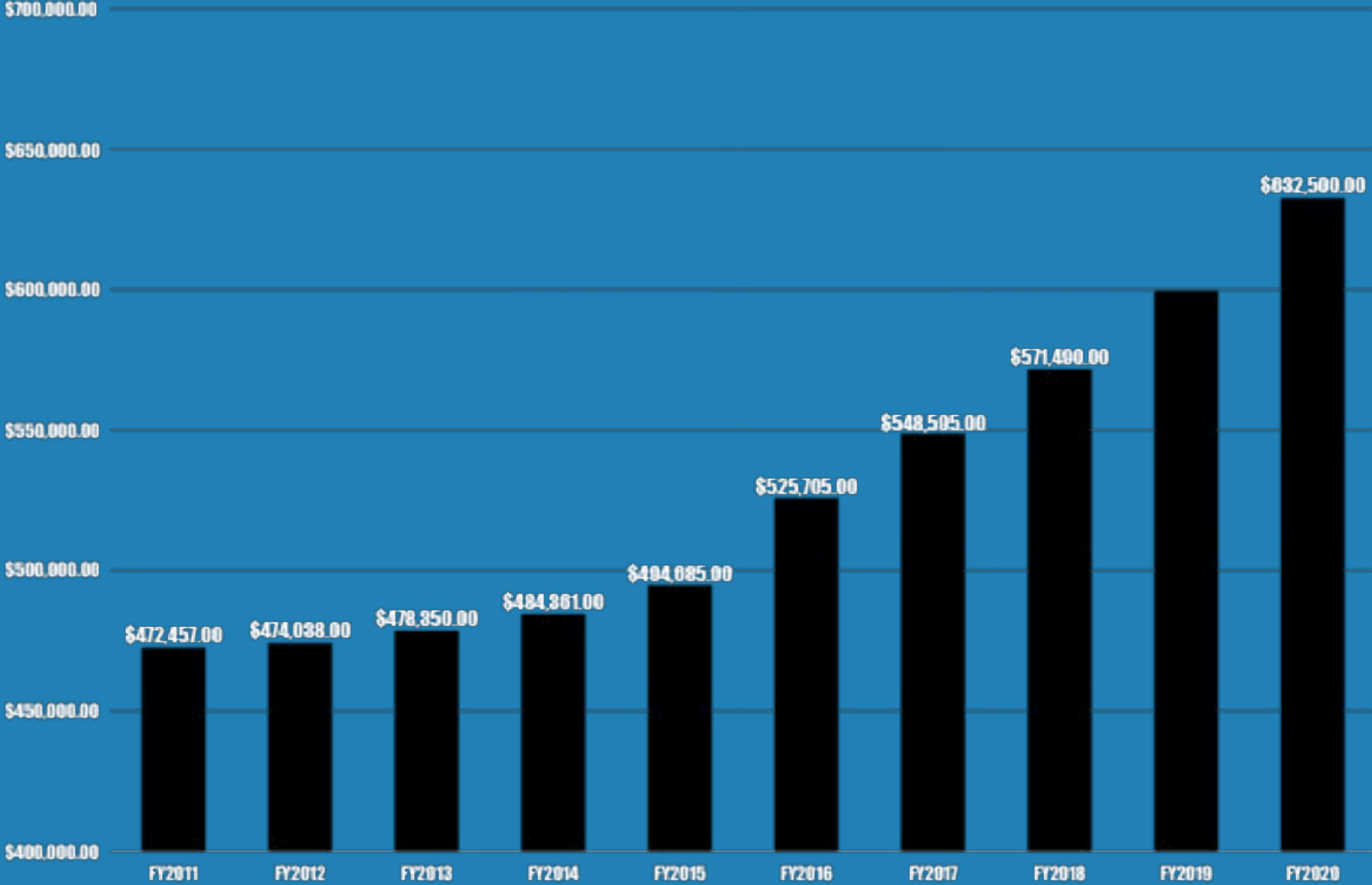


<u>Type of Property</u>	<u>Percentage Change</u>
Single Family	5.0%
Commercial	10%
Industrial	2.0%
But statistics are ...	

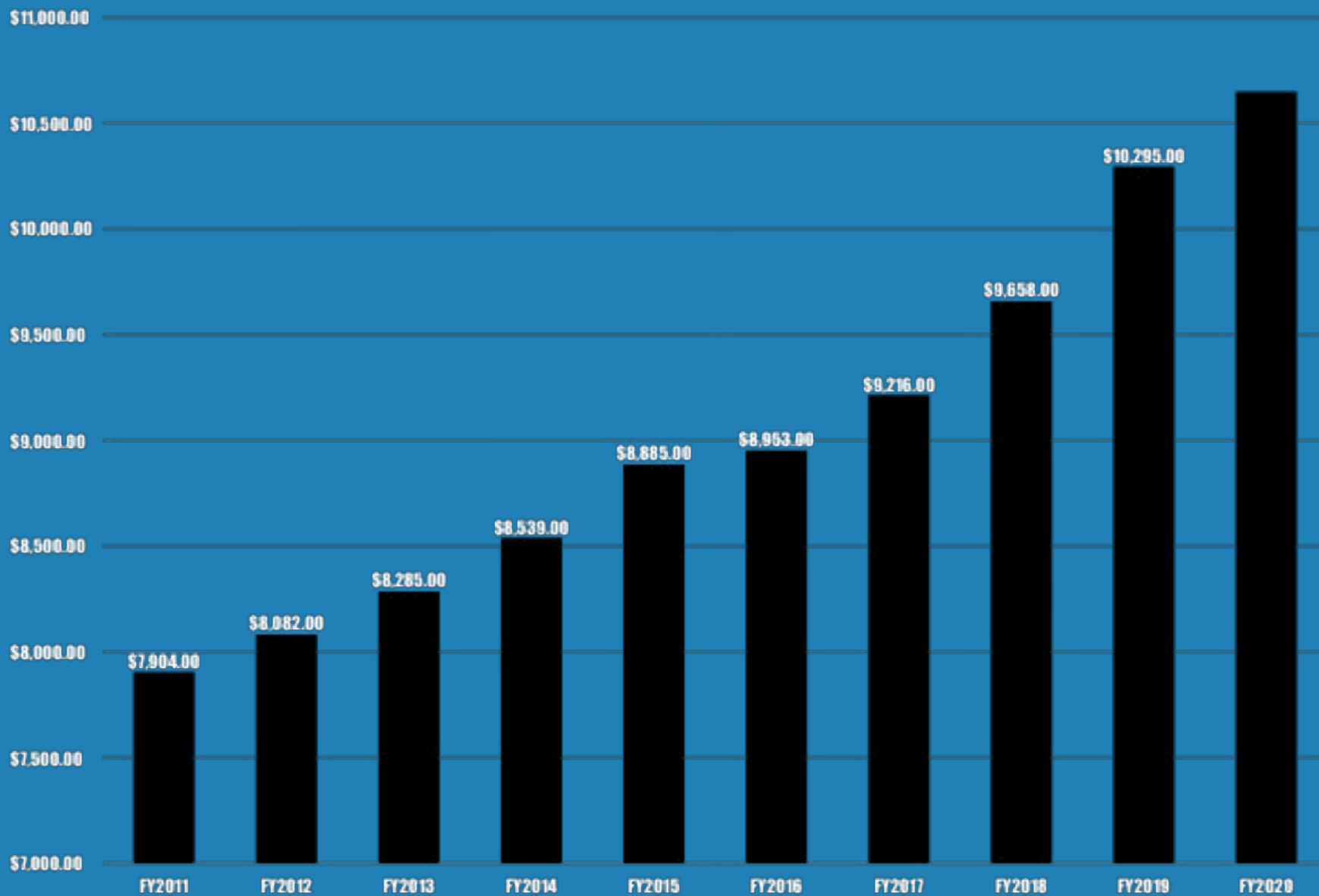
Valuation by Class - Fiscal Year 2020



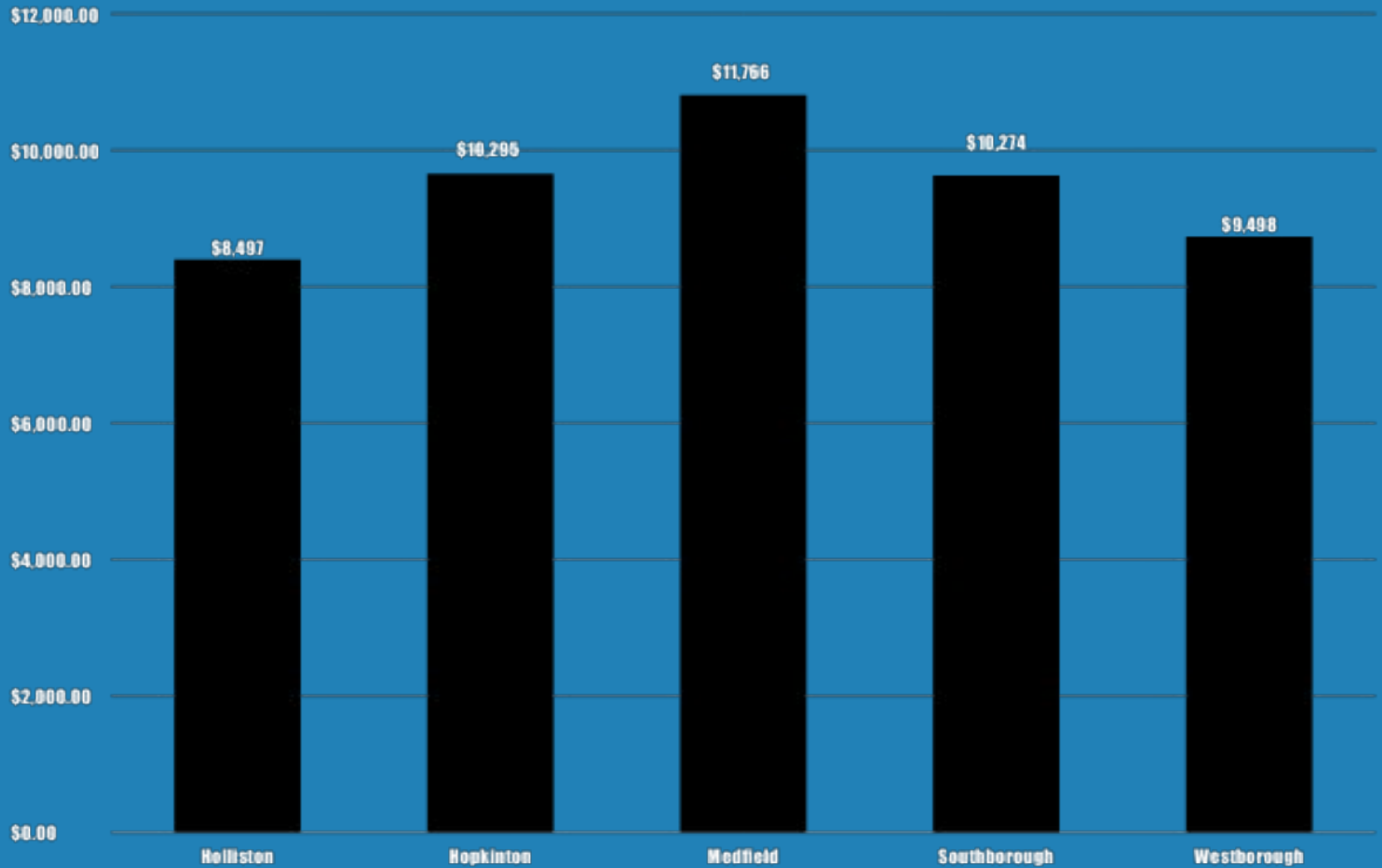
**Town of Hopkinton
Average Single Family Assessment**



Town of Hopkinton Average Single Family Tax Bill

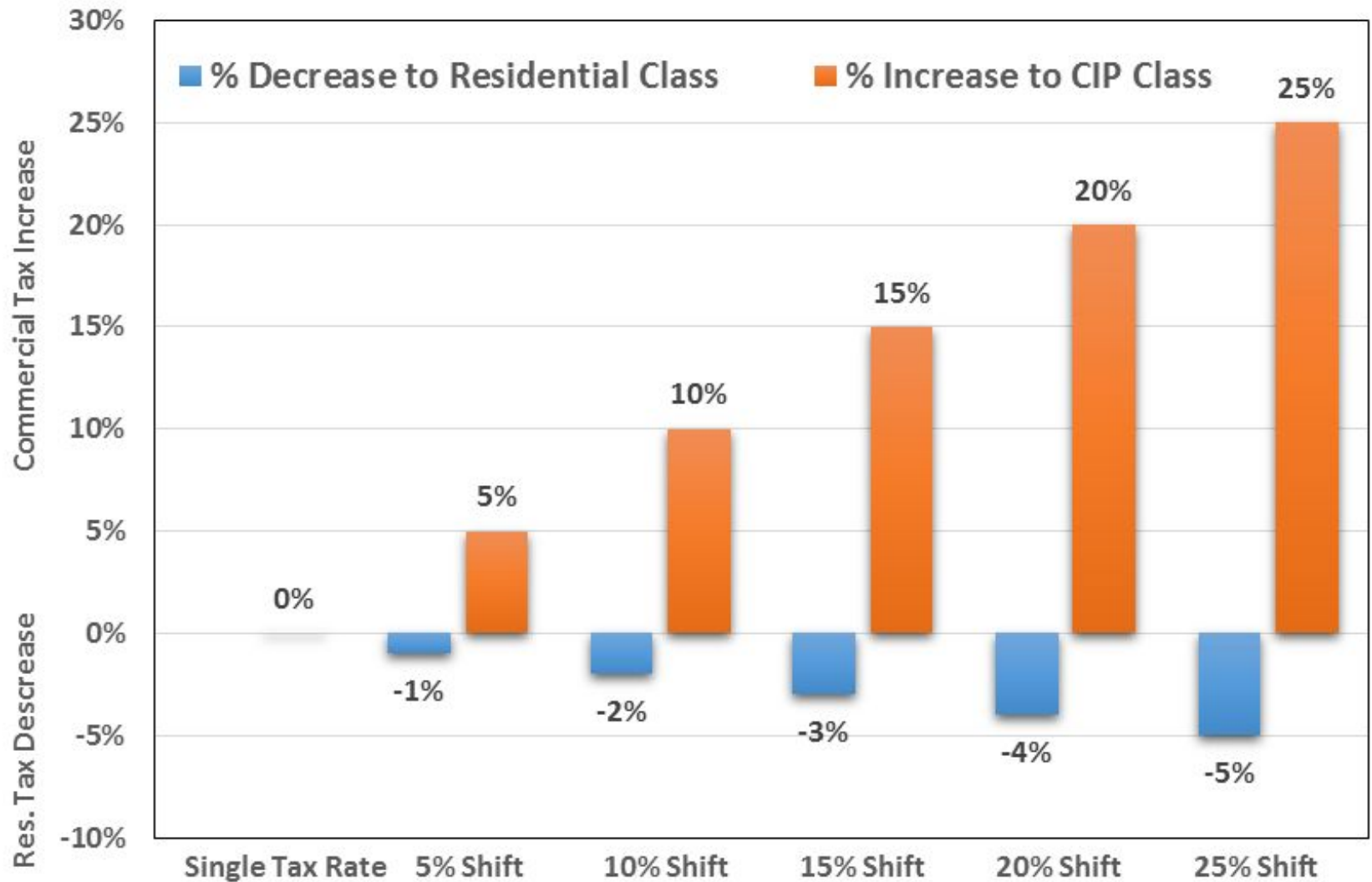


**Town of Hopkinton Area
2019 Average
Single Family Tax Bills**

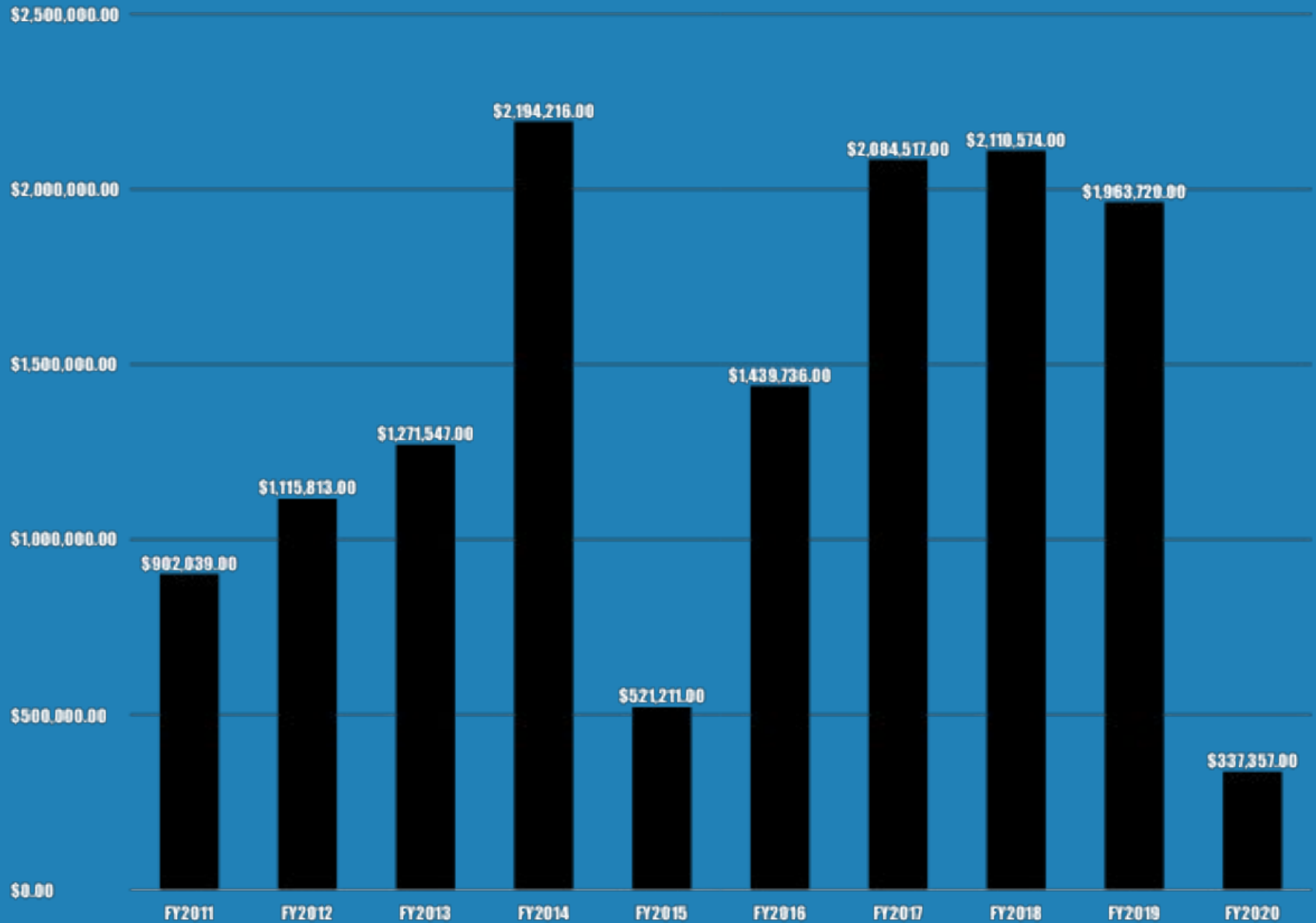


Options Chart

Effects of Shifting Tax Rate



Town of Hopkinton Excess Levy





Select Board Needs to Decide:

Open Space Discount ???

Residential Exemption ???

Small Commercial Exemption ???

Single Tax Rate or Split Tax Rate ???

Sign the LA 5 !!!