

Examples of Typical Residential Tax Changes

<u>Residential Class</u>	<u>Average FY22 Value</u>	<u>Avg. Tax</u>	<u>Average FY23Value</u>	<u>Avg. Tax</u>	<u>Change</u>
Single Family Homes	\$263,500	\$3,599.41	\$275,300	\$3,713.80	\$114.39

Voting a Tax Shift Factor (proposed motion)

The Hinsdale Board of Selectmen votes in accordance with M.G.L., Ch. 40, Sec. 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2023 tax rates and set the Residential Factor at 1.0, with a corresponding CIP shift of 1.0, pending approval of the town's annual tax recap by the Massachusetts Department of Revenue.

Summary of Assessments (LA4)

<u>Property Type</u>	<u>Count</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Personal Property</u>
101-Single Family	853	234,799,100	-0-	-0-	-0-
102-Condominiums	38	13,091,400	-0-	-0-	-0-
103,109-Misc Res	28	4,213,500	-0-	-0-	-0-
104-Two Family	26	5,177,600	-0-	-0-	-0-
105-Three Family	4	1,117,200	-0-	-0-	-0-
111-125-Apartments	12	3,217,800	-0-	-0-	-0-
130's-Vacant Land	404	13,705,900	-0-	-0-	-0-
012-043-Mixed Use	10	5,105,684	2,030,685	-0-	-0-
300-393-Commercial	33	-0-	21,505,500	-0-	-0-
400-452-Industrial	17	-0-	-0-	7,709,300	-0-
500-552-Pers. Prop.	208	-0-	-0-	-0-	49,350,321
600's-Forestry	23	-0-	125,808	-0-	-0-
700's-Agricultural	6	-0-	122,300	-0-	-0-
800's-Recreation	10	-0-	463,300	-0-	-0-
 TOTAL BY CLASS		 280,428,184	 24,247,593	 7,709,300	 49,350,321
 TOTAL TAXABLE PROPERTIES					 361,715,398
 TOTAL TAX EXEMPT PROPERTIES					 32,398,900

Valuations by Class before Tax Shift

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs CIP%</u>
Residential	280,408,184	77.5218	77.5218%
Commercial	24,247,593	6.7035	
Industrial	7,709,300	2.1313	22.4782%
Personal Property	49,350,321	13.6434	
TOTAL	361,715,398	100.0000	

Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Given Hinsdale's small commercial and industrial base, it would take an approximate 5 percent increase in the commercial tax rate to yield a 1 percent residential tax rate reduction.

Board of Assessors Recommendation

The Board of Assessors recommends that the Board of Selectmen adopt a single tax rate to be applied to all classes of property in Hinsdale.

Tax Rates

Based on the above shift factors, the Board of Assessors has calculated the following tax rates needed to raise the tax levy:

<u>Property Class</u>	<u>FY2022</u>	<u>FY2023</u>
Residential	\$13.66	\$13.49
Commercial	\$13.66	\$13.49
Industrial	\$13.66	\$13.49
Personal Property	\$13.66	\$13.49

Note that the FY2023 rate is an estimate only and may change upon Department of Revenue review.

Tax Impacts

Actual property tax impacts will vary from property to property.

Valuations for residential class properties will realize increases averaging 10 percent. With scant market evidence to support an increase in commercial property values and given the impact of COVID on businesses no value increases have been implemented.

Terminology

The following are definitions of the terms frequently used in the discussion of tax rates.

Levy: The tax levy (or levy) is the amount of property taxes to be raised. The levy amount is determined by the budget. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised from property taxation.

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the Town. Based on the Hinsdale aggregate valuation of \$361,715,398 the town cannot levy taxes in excess of \$9,042,885.

New Growth Revenue: Property taxes derived from newly taxable properties like new construction, additions, renovations, subdivisions, and personal property. The assessors have tabulated new growth revenues of \$132,053.

Levy Limit: Also referred to as the “maximum allowable levy”, is calculated by adding 2.5 percent of the previous year’s levy limit plus new growth revenue for the present fiscal year to last year’s levy limit. Exceeding the levy limit requires an override of Proposition 2½. For Fiscal Year 2023 the levy limit is \$5,621,540.

The Fiscal Year 2023 Levy Limit and Amount to be Raised

The following is a calculation of Hinsdale’ levy limit for fiscal year 2023

Fiscal year 2022 levy limit	\$5,355,597
Levy increase allowed under Prop. 2 ½	133,890
New growth revenue	132,053
FY2022 Overrides	0
Excluded Debt to Pay Bonds	0
Fiscal year 2023 levy limit	5,621,540
Levy Ceiling	9,042,885
Levy to be raised	\$4,879,541
Excess levy capacity	\$740,731

Introduction

Prior to the mailing of 3rd quarter tax billings, the Select Board holds a public hearing to determine the percentage of the Town's property tax levy to be borne by each major property class. This responsibility and procedure is described in Chapter 40, Section 56 of the Massachusetts General Laws.

The steps in completing the Classification Hearing are outlined below. Also provided is information about the levy, property assessments, and recommendations made by the Board of Assessors.

Steps in Setting Tax Rates

Pre-classification Hearing Steps

- Step 1: Determination of the property tax levy (Budget Process)
- Step 2: Determine assessed valuations (Assessors)
- Step 3: Tabulate assessed valuations by class (Assessors)

Classification Hearing Steps

- Step 4: Classification hearing presentation (Assessors & Selectmen)
- Step 5: Determine tax shift options (Select Board)
- Step 6: Voting a tax shift factor (Select Board)

Post Classification Hearing Steps

- Step 7: Sign the LA-5 Classification Form (Select Board)
- Step 8: Send annual recap to DOR for tax rate approval (Assessors)
- Step 9: Obtain DOR approval of tax rates (DOR)

Hinsdale Board of Assessors

Vivian Mason, Chairman

Robert Cimmini, Member

Laura Gallither, Member

Harald M. Scheid – Regional Assessor

Christopher Cozzaglio – Associate Regional Assessor

Alliey Pevay – Administrative Assessor

SEPTEMBER 22, 2022

Tax Classification Hearing

Fiscal Year 2023

