



FY2018 CLASSIFICATION HEARING(final)

December 1, 2017

Presented by the Board of Assessors

SINGLE TAX RATE

- This is the easiest option to explain and to understand. The tax rate setting process is a result of simply dividing the total tax levy by the total valuation of the town and multiplying by 1000.
- For fiscal 2018 our tax levy, (the amount of the total budget that must be raised by taxation) is \$46,474,802.17
- Total valuation is \$2,489,277,031

$$\frac{\$46,474,802.17}{\$2,489,277,031} = .01867 \times 1000 = \$18.67$$

The tax rate of \$18.67 is then applied to the full and fair value of all properties in all classes to determine the taxes due.

- The other options that are available offer the community the opportunity to tax different classes at different tax rates.

OPEN SPACE DISCOUNT

- The Open Space Discount is a process which allows cities and towns to grant a tax break to those properties that are classified as “open space”.
- The Department of Revenue has described open space as *“land which is not held for income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public”*.
- Historically the Town of Holliston has not recognized the classification of “open space” as such.
- The Board of Assessors has consistently encouraged classification under Chapter 61A (Agricultural and Horticultural) or Chapter 61 (Forestry) which enables the property owner greater discount of taxes and gives the Town the benefit of at least a five (Ch 61A) or ten (Ch 61) acre minimum lot size that is actively devoted to the type of classification. In addition to these benefits the Town has the right of first refusal to purchase any lands classified under these acts.
 - **The Board of Assessors does not recommend an open space discount.**

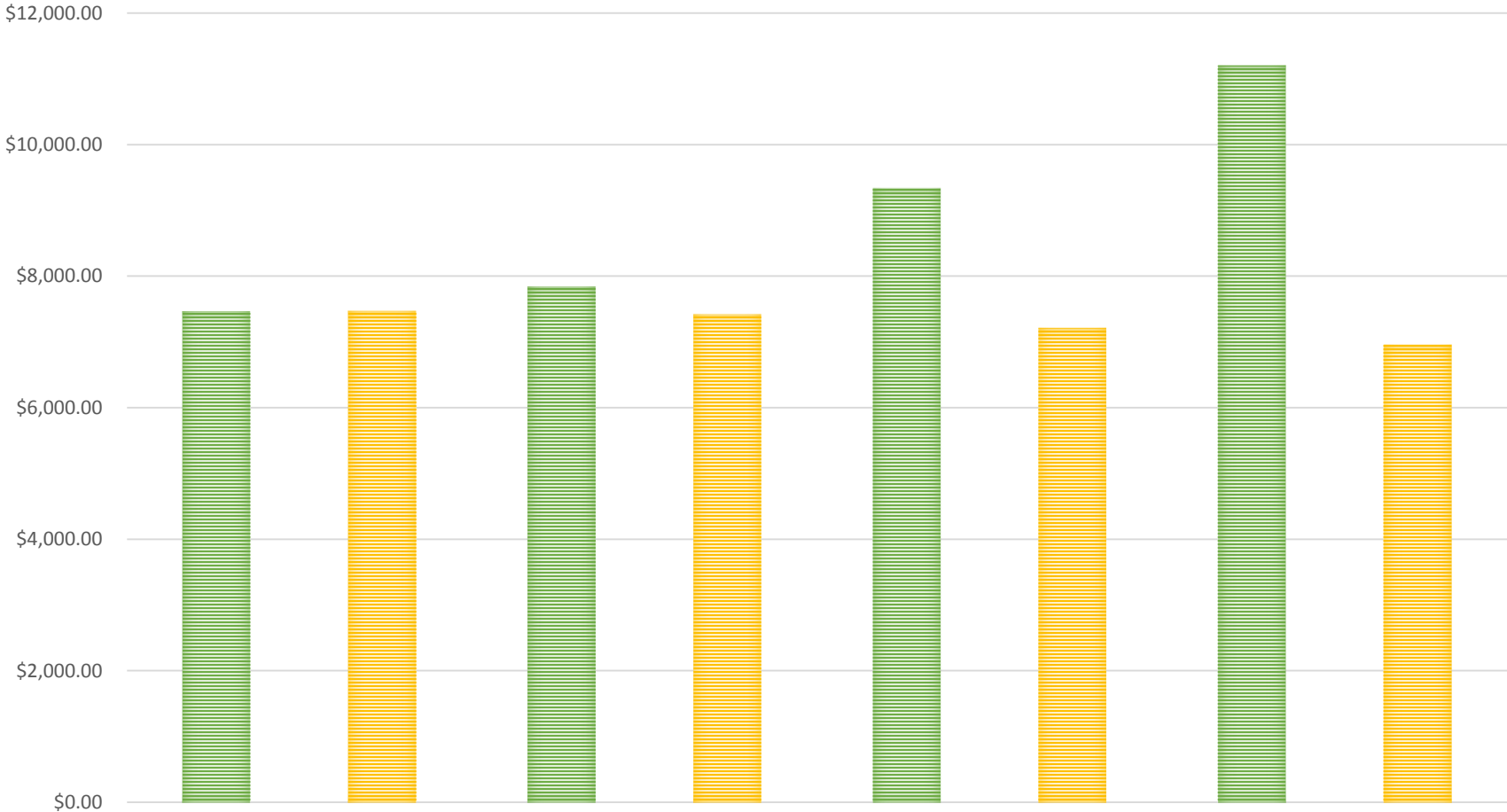
SHIFTING THE TAX BURDEN TO THE C.I.P CLASSES

- The classification amendment allows towns to shift a greater share of the tax burden to the Commercial, Industrial, Personal Property classes (C.I.P.)
- There are limits as to how great that shift can be and in Holliston we are allowed to shift by no more than **150%**. The impact from this shift on the various classes will vary dependent upon their percentage of the total value. The lower the percentage of the C.I.P the greater the increase in the tax burden assuming the maximum shift is applied. The choices available range from a 1% shift to a 50% shift.
- Included is a spreadsheet that shows the resulting tax rates as well as the tax dollar effects from all of these choices as applied to the average residential value, the average commercial value, and the average industrial value.
 - **The Board of Assessors does not recommend a residential/CIP rate shift.**

For each percent change there is a disproportionate tax increase to the average CIP valued property compared to the savings the residential property would receive. For the purpose of this example the value is the same for all classes.

	MRF = 1.000000		MRF = 98.6128		MRF = 96.5320		MRF = 93.064	
	value	single rate	split rate 10%		split rate 25%		split rate 50%	
		18.67	\$18.54	\$19.60	\$18.02	\$23.34	\$17.38	\$28.00
			Residential	CIP	Residential	CIP	Residential	CIP
industrial value	\$400,000.00	\$7,468.00		\$7,840.00		\$9,336.00		\$11,200.00
commercial value	\$400,000.00	\$7,468.00		\$7,840.00		\$9,336.00		\$11,200.00
Residential value	\$400,000.00	\$7,468.00	\$7,416.00		\$7,208.00		\$6,952.00	
Industrial Impact				\$372.00		\$1,868.00		\$3,732.00
Commercial Impact				\$372.00		\$1,868.00		\$3,732.00
Residential Impact			(\$52.00)		(\$260.00)		(\$516.00)	

SPLIT RATE - TAX RATE IMPACT



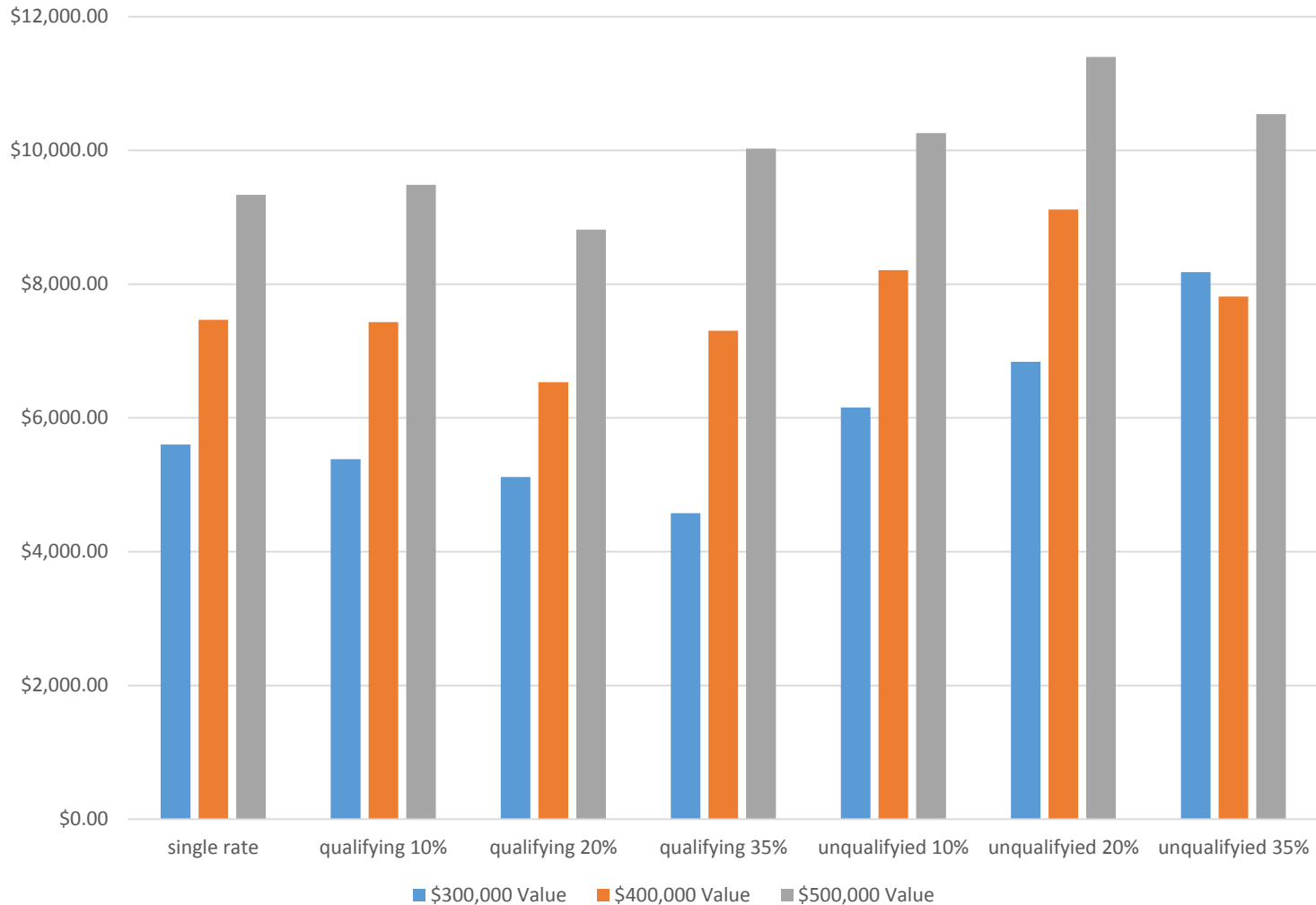
The chart shows an residential average tax versus increasing commercial industrial personal property tax with shift with a value of \$400,000. Yellow is the residential class.

DETERMINING RESIDENTIAL EXEMPTION USING A 10% DISCOUNT

- This option allows communities to grant an exemption to qualifying residential properties. There is a statutory limit to the amount of the exemption. This limit is 35% of the average assessed value of all residential parcels. **The exemption is computed completely within** the residential class and does not impact any other class of property. The major qualification is that the property to benefit from the exemption be **occupied by the owner**.
- This poses a logistic problem for the assessor's office since the only record that we have is of the record owner and not the occupants. In addition, the benefit would vary greatly since the exemption is granted by reducing the value of the property by a set dollar amount, for example a \$15,000 exemption on a house valued at \$100,000 would have its value reduced to \$85,000 a 15% reduction, while a house valued at \$300,000 would have its value reduced to \$285,000 a 5% reduction.
- The following figures were used to determine the effects of a 10% residential exemption as an example only.
 1. Compute the average assessed value of all residential property (including vacant land): 2,186,030,769 (total residential value)
 - (5739 total # of residential parcels) $\$377,618 =$ (average residential assessed value) (includes all residential properties)
 2. This value is then used to determine the dollar value of the exemption.
 - $\$377,618 \times .10 = \$37,761$
 - This amount is deducted from those parcels that meet the qualification for the residential exemption. This example is an indication of the inequities that are built in to this process.
 - 3. For the purposes of this example it is estimated that the number of qualifying parcels in Holliston is 5183 approximately 90%, and the exemption is 10%.
 - $5183 \times \$37,761 = \$ 196,720,711$ (total exemption amount).
 - The total exemption amount is then subtracted from the total residential value and a new tax rate is determined. The new rate will always be higher than the original since it reduces the total residential value only and must be accommodated by the residential value only.
 - $\$ 2,186,030,769 - \$ 196,720,711 = \$ 1,957,194,244$.
 - This process would result in the following tax rates for fiscal year 2018:

	Residential Rate	C.I.P.
• With exemption of 10%	\$20.52	\$18.67
• With exemption of 20%	\$22.77	\$18.67
• With exemption of 35%	\$27.26	\$18.87

Initial value Base and Tax for single, qualifying, and non qualifying Res Exemption



Base values are represented by columns. Single rate, 10% shift, 20% shift, 35% shift represented by column level. As property values increase the benefit of any shift is negligible. Unqualified properties (last 3 groupings) indicate where the burden shifts.

Values				\$18.67	\$20.52	\$22.79	\$27.26	\$20.52	\$22.79	\$27.26
no shift	10%	20%	35%	single rate	qualifying 10%	qualifying 20%	qualifying 35%	unqualified 10%	unqualified 20%	unqualified 35%
\$300,000	\$262,238	\$224,476	\$167,833	\$5,601.00	\$5,381.12	\$5,115.81	\$4,575.13	\$6,156.00	\$6,837.00	\$8,178.00
\$400,000	\$362,238	\$286,714	\$267,833	\$7,468.00	\$7,433.12	\$6,534.21	\$7,301.13	\$8,208.00	\$9,116.00	\$7,815.82
\$500,000	\$462,238	\$386,714	\$367,833	\$9,335.00	\$9,485.12	\$8,813.21	\$10,027.13	\$10,260.00	\$11,395.00	\$10,541.82

In a community such as Holliston where at least 90% of the properties are owner occupied, evoking the Residential Exemption shifts the burden of taxes to any parcel valued above the average valued parcel within the qualifying group. Any non qualifying parcels are significantly impacted.

Historically the Residential Exemption has benefited communities most where the value and number of owner occupied residences is less than or equal to the number of non-owner occupied residences such as; Boston, Brookline, Waltham, Somerset, and many Cape and Island Communities. Properties under the average value will receive a greater discount at the expense of the majority of higher valued and non-resident properties. Primarily these are communities with significant rental properties or communities with second home residences.

•The Board of Assessors does not recommend the Residential Exemption.

SMALL COMMERCIAL EXEMPTION

The small business exemption was implemented by the Commonwealth in fiscal year 1995. It is a process which is intended to give a tax benefit to certain commercial properties. The qualifications are as follows:

- The property must be occupied on January 1st by a business that has less than 10 employees.
- The property must be valued less than \$1,000,000
- The property must be “classified” as commercial with in the 300 class

Problems with this exemption:

- A list of companies that have less than 10 employees is provided to the assessors from the State Department of Employment. Although the list shows that a business is listed in our community, the list may include employees working at other branches in other towns.
- It is possible that a business could have more than 10 employees and the assessors would not have access to that information.
- The use classification excludes “mixed use” properties and home businesses (mom and pops)
- The benefit of the exemption goes to the property owner- not the business owner
- For a multi-business parcel all businesses must meet the requirements to qualify
- If a property has businesses that all qualify and they are not on the list- they will not qualify
- In regards to the list: The list is not public record.

Unlike the residential exemption, the exemption is applied to the qualifying parcels as a percentage rather than a dollar amount.

There are 105 parcels classified in the 300 commercial class. 92 parcels are valued under \$1,000,000. The total value of the 92 parcels is: \$34,675,900 . The total value of all of the commercial properties is \$62,795,100 (this excludes mixed use). **The value of the remaining 13 parcels is \$ 28,119,200.**

The Holliston Board of Assessors does not recommend the Small Commercial Exemption.

Fiscal Year Historical Changes

Total Value Chng	FY	% chg levy	VALUE	levy	ave SFR val	SFR Val chg	average taxes	av % chg	tax rate	rate	estimated receipts and other revenue	amount to be raised	% chg	amount to be raised minus levy	% chg other fndg (state/e st rcts)	town spend- ing incr	overlay	growth
-	98	-	947,890,050	16,189,962	196,288	-	3,352.59		17.08	0.01708		26,169,400	-	9,979,438	-	-	343,872	406,687
3%	99	8%	976,993,630	17,449,106	200,500	2%	3,580.93	7%	17.86	0.01786		27,395,041	5%	9,945,935	0%	5%	192,925	345,341
11%	00	12%	1,086,985,363	19,543,997	222,883	11%	4,007.44	12%	17.98	0.01798	13,829,520	31,102,026	14%	11,558,029	16%	14%	172,015	497,637
14%	01	3%	1,242,227,748	20,099,245	252,966	13%	4,092.99	2%	16.18	0.01618		32,808,509	5%	12,709,264	10%	5%	346,628	572,947
8%	02	18%	1,341,279,171	23,660,165	267,400	6%	4,716.94	15%	17.64	0.01764		36,251,258	10%	12,591,093	-1%	10%	157,821	736,665
11%	03	2%	1,484,259,560	24,030,162	295,700	11%	4,787.38	1%	16.19	0.01619	1,717,596	41,207,758	14%	17,177,596	36%	12%	139,199	498,503
17%	04	7%	1,732,784,444	25,697,193	344,700	17%	5,111.90	7%	14.83	0.01483	18,054,238	42,244,899	3%	16,547,705	-4%	4%	144,316	868,923
6%	05	4%	1,832,144,215	26,621,055	364,300	6%	5,293.28	4%	14.53	0.01453	18,152,444	44,773,500	6%	18,152,444	10%	6%	317,982	466,115
8%	06	5%	1,971,271,653	27,913,207	391,981	8%	5,550.45	5%	14.16	0.01416	18,218,593	46,131,800	3%	18,218,593	0%	3%	130,289	528,170
12%	07	5%	2,199,008,748	29,356,767	435,200	11%	5,809.92	5%	13.35	0.01335	22,327,402	51,684,168	12%	22,327,402	23%	12%	157,785	498,725
-4%	08	5%	2,120,370,599	30,787,781	414,223	-5%	6,014.52	4%	14.52	0.01452	21,866,458	52,654,239	2%	21,866,458	-2%	2%	133,953	356,599
-2%	09	4%	2,070,821,863	32,014,906	398,244	-4%	6,156.85	2%	15.46	0.01546	19,650,106	51,665,013	-2%	19,650,107	-10%	-2%	374,616	564,613
0%	10	5%	2,061,165,463	33,617,610	394,400	-1%	6,432.66	4%	16.31	0.01631	19,381,711	52,999,321	3%	19,381,711	-1%	3%	132,477	319,602
-4%	11	6%	1,983,870,700	35,590,640	376,485	-5%	6,754.14	5%	17.94	0.01794	18,753,272	54,343,913	3%	18,753,273	-3%	3%	274,999	307,098
1%	12	3%	1,998,259,000	36,608,105	377,499	0%	6,915.78	2%	18.32	0.01832	5,246,055	56,487,308	4%	19,879,203	6%	4%	294,249	475,041
2%	13	3%	2,033,229,010	37,858,724	380,756	1%	7,089.68	3%	18.62	0.01862	5,393,919	58,644,838	4%	20,786,114	5%	4%	269,083	406,573
-3%	14	3%	1,970,885,610	39,181,206	363,184	-5%	7,220.10	2%	19.88	0.01988	5,420,998	60,251,402	3%	21,070,196	1%	3%	282,584	464,129
6%	15	4%	2,093,782,535	40,577,506	386,800	7%	7,496.18	4%	19.38	0.01938	2,796,220	64,114,950	6%	23,537,444	12%	6%	285,467	650,163
9%	16	5%	2,275,395,000	42,754,672	416,124	8%	7,818.97	4%	18.79	0.01879	2,751,268	67,305,347	5%	24,550,675	4%	5%	393,124	850,223
5%	17	4%	2,397,773,025	44,406,756	436,900	5%	8,091.39	3%	18.52	0.01852	3,169,000	70,559,401	5%	26,152,645	7%	5%	497,383	757,068
4%	18	5%	2,489,277,031	46,474,802	449,676	3%	8,395.45	4%	18.67	0.01867	3259000	73060215	4%	26,585,413	2%	3%	344,953	932,198

RESIDENTIAL VS C.I.P. VALUATION HISTORY

FISCAL YEAR	RESIDENTIAL %	C.I.P.%	RESIDENTIAL VALUATION	C.I.P. VALUATION
2004	89.79	10.21	\$ 1,555,940,400	\$ 176,844,045
2005	89.99	10.01	\$ 1,648,852,560	\$ 183,291,655
2006	90.57	9.42	\$ 1,785,545,803	\$ 185,725,850
2007	90.57	9.45	\$ 1,991,067,650	\$ 207,941,098
2008	89.99	10.01	\$ 1,908,100,520	\$ 212,270,079
2009	88.88	11.12	\$ 1,840,462,569	\$ 230,359,294
2010	88.14	11.86	\$ 1,816,610,457	\$ 244,555,006
2011	87.55	12.45	\$ 1,736,961,400	\$ 246,909,300
2012	87.63	12.37	\$ 1,751,073,157	\$ 247,185,843
2013	87.18	12.82	\$ 1,772,694,140	\$ 260,534,870
2014	86.85	13.15	\$ 1,711,717,476	\$ 259,168,134
2015	87.54	12.46	\$ 1,832,919,425	\$ 260,863,110
2016	87.23	12.77	\$ 1,984,886,587	\$ 237,508,413
2017	87.67	12.33	\$ 2,102,147,508	\$ 295,625,517
2018	87.82	12.18	\$ 2,186,030,769	\$ 303,246,262

PROFILE OF SINGLE FAMILY RESIDENCES

Assessed Value (\$1000)	FY2018		FY2017		FY2016		FY2015		FY2014		FY2013		FY2012		FY2011		FY2010		FY2009		FY2008		
	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	# parcels	Median Value	
00 - 125	0				1		0		0	0	0		0	0	0	0	0		0		0		
						98,900				142,700		144,600		137,700						0		0	
125 - 150	0				0		0		2	0	1		1		0	0	0		0		0		
150 - 175	0				1		3		6		3		5		2		1		2		0		
						\$197,000		191,000		188,000		193,200		183,750		186,968		188,700		188,300		186,900	188,700
175 - 200	0		1		3		22		38		18		17		17		13		10		3		
200 - 225	10		9		15		79		144		83		57		60		46		35		16		
		239,550		238,100		240,600		235,200		234,300		236,100		233,764		236,000		234,650		234,200		233,300	
225 - 250	24		38		90		223		339		241		190		186		128		86		45		
250 - 275	87		139		220		365		570		462		414		418		322		187		114		
		284,300		282,950		282,100		280,600		276,900		278,000		277,906		278,900		280,550		283,400		285,450	
275 - 300	196		269		420		556		670		587		599		607		502		402		312		
300 - 325	364		417		543		596		509		575		657		663		640		650		546		
		330,050		328,000		325,000		323,050		293,300		321,456		322,526		321,400		323,100		325,500		328,300	
326 - 350	536		550		536		514		386		443		517		513		555		687		731		
350 - 400	1061		978		811		566		443		546		536		535		652		761		904		
		397,200		397,000		396,200		400,700		403,700		400,000		409,457		403,200		397,200		393,550		391,000	
400 - 500	976		886		741		575		502		546		568		567		599		645		703		
500+	1184	637,850	1113	633,600	982	622,250	839	599,900	693	587,000	763	609,400	706	618,398	692	594,000	793	619,500	786	603,200	862	628,200	
+1M	22																						
TOTALS	4,429		4,402		4,370		4,339		4,301		4,268		4,267		4,258	4,250		4,251		4,236			
AVERAGE	8,381.96	449,676	8091.65	436,914	\$7,818.52	416,100	7,496.18	386,800	\$7,220.10	363,184	\$7,089.68	380,756	\$6,915.76	377,498	\$6,754.14	376,485	\$6,433.69	\$394,463	\$5,798.43	\$398,244	6,014.52	414,223	
MEDIAN	7,388.90	396,400	7202.43	388,900	\$6,877.14	366,000	6,598.89	340,500	\$6,323.83	318,100	\$6,211.63	333,600	\$6,089.57	332,400	\$5,950.70	331,700	\$5,640.81	\$345,850	\$5,135.31	\$352,700	5,270.03	362,950	
	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	TAXES	VALUE	

The Market in Holliston

Fiscal Year 2018 assessments were based on the sales from 2016. The Board carefully reviewed and took into consideration all factors impacting the economy and market data that was available. The market of 2016 was a robust market. The Assessors analyzed 169 valid arms-length sales of single family residences. In addition, they reviewed physical details of sales and collection data. A market ratio of .95 was derived from the market and applied across the Town to single family residences.

The average change in single family residences was 4%. The overall town valuation change is 5%. The increase in valuation has resulted in a tax rate from \$18.52 to an anticipated rate of \$18.67.

Town of Holliston

Calendar Year Town: SFR

	Sales Analyzed	MLS
2012	128	155
2013	136	170
2014	145	162
2015	187	192
2016	169	197

Calendar Year	median sales price	MLS
2011	\$438,000	\$390,000
2012	\$377,500	\$372,000
2013	\$421,000	\$401,000
2014	\$473,750	\$445,450
2015	\$493,000	\$473,500
2016	\$473,000	\$422,000

Data from MLS websites. Differences in count is attributed to arms-length sales.