

# **FISCAL YEAR 2018**

**November 28, 2017**

**Prepared for the Town Council**

## **Town of East Longmeadow Tax Classification Hearing**

Prepared by:

Christine M. Saulnier, MAA, Chair

Martin J. Grudgen

J. William Johnston

Diane L. Bishop, MAA, Director of Assessing

# **Notice of Hearing Town of East Longmeadow Tax Classification**

NOTICE IS HEREBY GIVEN IN ACCORDANCE WITH M.G.L. CHAPTER 30A SECTIONS 18-25, THAT THE EAST LONGMEADOW TOWN COUNCIL will hold a Public Hearing on Tuesday, November 28, 2017 at 6:30 p.m., in the Media Room at the East Longmeadow Council on Aging, 328 North Main Street, East Longmeadow, MA 01028.

The purpose of this Public Hearing will be on the issue of determining the percentages of tax levy to be borne by each class of real and personal property for Fiscal Year 2018.

All interested East Longmeadow tax payers are welcome to attend this hearing to present any oral or written comments on the matter. In the event a taxpayer is unable to attend the hearing, written comments may be submitted in advance to Mr. Kevin M. Manley, Town Council President, 60 Center Square, East Longmeadow MA 01028.

Thomas P. Florence  
Town Clerk, Clerk of the Council

**The following information is for illustrative purposes.**

**No tax rate has been approved for FY 2018 as of yet.**

**The purpose of this hearing is for the Town Council to receive information from the Board of Assessors in order to decide on a factor to establish the allocation of the tax levy.**

**This hearing does not determine what the tax rate will be.**

# Town Council

## Tax Classification Decision

- The Town Council will vote to determine if the Town of East Longmeadow will have a single tax rate or a split tax rate.
- The Town Council may vote to adopt a residential exemption and/or a small commercial exemption.

# Fiscal Year 2018 Tax Rate Calculation

## Calculated Based on a Single Tax Rate

<b>Tax Levy Limit Prior Year (FY 2017)</b>		<b>\$39,748,268</b>	<b>\$20.77</b>
Additions to FY 2018 Levy Limit			
2.5% Levy Growth	\$993,707		
New Growth in Tax Dollars	\$428,819		
Override	\$ 0		
FY 2018 Levy Limit (Before Debt Exclusion)			\$ 41,170,794
Amounts Outside Levy Limit			
Public Safety Radio Update	\$131,291		
Library Construction	\$92,250		
New Middle School	\$411,054		
12 School Modular's	\$117,896		
Total Debt Exclusions		\$752,491	
<b>Tax Levy Limit Plus Debt Exclusion</b>		<b>\$41,923,285</b>	

# Fiscal Year 2018\*

## Summary of Tax Rate Options

*\*Chart is for illustrative purposes to show impact of split tax rate on four classes of properties.*

Tax Factor		Percentage of Tax Levy		Tax Rate	
Residential	CIP	Residential	CIP	Residential	CIP
1.00	1.00	82%	18%	\$20.94	\$20.94
.989	1.05	81%	19%	\$20.71	\$21.99
.977	1.10	80%	20%	\$20.48	\$23.03
.943	1.25	77%	23%	\$19.78	\$26.17
.89	1.50	72%	26%	\$18.62	\$31.41

Maximum Shift of 50% lowers the average single family tax bill: \$607

Maximum Shift of 50% increases the average CIP Tax Bill: \$7,980

Based on a average single family assessed value of \$261,900 and a average C&I assessed value of \$762,100

## Historical Perspective- Levy Percentages Taxes Paid by Residential, Commercial, Industrial & Personal Property (CIP)

**\*For illustrative purposes only**

F. Y.	Tax Rate	Residential	Levy %	Commercial	Industrial	Personal Property	Levy %
2006	\$17.07	\$21,937,843	82.90	\$2,181,187	\$1,894,216	\$ 451,022	17.10
2008	\$16.06	\$24,253,553	83.27	\$2,419,143	\$1,964,001	\$ 489,948	16.73
2010	\$17.38	\$25,928,042	83.11	\$2,642,883	\$1,996,030	\$ 630,176	16.89
2012	\$18.85	\$27,572,489	82.5	\$2,252,694	\$2,249,559	\$ 745,742	17.5
2014	\$20.47	\$29,943,835	83	\$3,059,107	\$2,417,918	\$ 826,954	17
2016	\$21.12	\$31,493,081	82	\$3,497,483	\$2,292,903	\$1,105,518	18
2017	\$20.77	\$31,777,186	82	\$3,577,904	\$2,256,056	\$1,311,258	18
2018*	\$20.94	\$32,815,893	82	\$3,868,569	\$2,218,214	\$1,193,266	18

## Neighboring Towns FY 2017 Tax Comparison-Single Family Home

Town	Tax Rate	Average Home Value	Average Single Family Tax Bill	Total Tax Levy
East Longmeadow	\$20.77	\$256,300	\$5,323	\$38,922,405
Longmeadow	\$23.58	\$349,600	\$8,244	\$49,273,335
Wilbraham	\$22.00	\$278,300	\$6,123	\$35,912,758*
Ludlow	\$18.53	\$219,500	\$4,067	\$36,846,048
South Hadley	\$ 20.12	\$235,200	\$4,732	\$26,474,841
Tax Rate \$17.83**	\$20.66		\$4,859	
Belchertown	\$18.20	\$255,300	\$4,646	\$25,515,723
*Regional School District ** Plus Fire District Tax Rate				

# Residential Exemption

- The Town Council may vote to adopt a Residential Exemption.
- Presently there are fourteen municipalities (out of 351) that have a high percentage of rental properties.
- In FY17 the following communities adopted this exemption: Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Provincetown, Somerville, Somerset, Tisbury, Waltham and Watertown.
- This exemption does not change the total taxable value for residential properties. This exemption shifts the tax burden between owner occupied and rental properties.
- East Longmeadow taxpayers would not benefit from this exemption due to the majority of residential properties being owner occupied.

# Small Commercial Exemption

- The Town Council may vote to adopt a Small Commercial Exemption.
- Any commercial parcel with a valuation less than \$1 million that is occupied solely by businesses with an average annual employment of no more than 10 people would qualify. A confidential list is provided annually by the Division of Unemployment Assistance.
- In FY18, there were approximately 48 commercial properties that might qualify out of 417 commercial and industrial properties.
- This exemption does not change the total taxation for commercial properties. This exemption would lower the taxable valuation on the properties that qualify by 10% and shift the remaining tax burden between all other commercial and industrial properties.
- This exemption does not benefit the small business owner but the owner of the real estate.
- In FY 2017 there were only ten communities who adopted the Small Commercial Exemption. Those communities included Auburn, Avon, Bellingham, Braintree, Dartmouth, New Ashford, Seekonk, Somerset, Westford and Wrentham.