

FISCAL YEAR 2019

October 23, 2018

Prepared for the Town Council

Town of East Longmeadow Tax Classification Hearing

Prepared by:

Martin J. Grudgen, Chair

J. William Johnston

Marilyn Ghedini

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, October 23, 2018 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 2019.

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 Mrs. Kathleen G. Hill, 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 2019 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 2019 Tax Rate Calculation

Calculated Based on a Single Tax Rate

Tax Levy Limit Prior Year (FY 2018)		\$41,170,794	\$20.94
Additions to FY 2019 Levy Limit			
2.5% Levy Growth	\$1,029,492		
New Growth in Tax Dollars	\$578,341		
Override	\$ 0		
FY 2018 Levy Limit (Before Debt Exclusion)			\$ 42,778,627
Amounts Outside Levy Limit			
Public Safety Radio Update	\$125,891		
Library Construction	\$89,550		
New Middle School	\$364,474		
12 School Modular's	\$112,391		
Total Debt Exclusions		\$692,306	
Tax Levy Limit Plus Debt Exclusion		\$43,470,933	

Fiscal Year 2019*

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%	\$20.55	\$20.55
.989	1.05	81%	19%	\$20.32	\$21.58
.977	1.10	80%	20%	\$20.09	\$22.60
.944	1.25	77%	23%	\$19.40	\$25.69
.89	1.50	73%	27%	\$18.26	\$30.82

Maximum Shift of 50% lowers the average single family tax bill: \$624

Maximum Shift of 50% increases the average CIP Tax Bill: \$8,194

Based on a average single family assessed value of \$272,400 and a average C&I assessed value of \$797,900

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 %
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
2019*	\$20.55	\$33,520,755	82	\$3,856,743	\$2,169,598	\$1,449,815	18

Neighboring Towns FY 2018 Tax Comparison-Single Family Home

Town	Tax Rate	Average Home Value	Average Single Family Tax Bill	Total Tax Levy
East Longmeadow	\$20.94	\$261,900	\$5,484	\$40,095,902
Longmeadow	\$24.34	\$348,400	\$8,481	\$50,739,115
Wilbraham	\$22.64	\$279,400	\$6,326	\$37,252,591*
Ludlow	\$19.01	\$221,500	\$4,210	\$38,585,108
South Hadley	\$ 19.93	\$247,200	\$4,927	\$27,205,038
Tax Rate \$17.64**	\$ 20.42		\$5,048	
Belchertown	\$18.19	\$262,200	\$4,769	\$26,461,188
*Regional School District ** Plus Fire District Tax Rate				

Residential Exemption

- The Town Council may vote to adopt a Residential Exemption.
- Presently there are sixteen municipalities (out of 351) that have a high percentage of rental properties.
- In FY18 the following communities adopted this exemption: Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Provincetown, Somerset, Somerville, Tisbury, Truro, Waltham, Watertown and Wellfleet.
- 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 FY19, there were approximately 42 commercial properties that might qualify out of 416 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 2018 there were only fourteen communities who adopted the Small Commercial Exemption. Those communities included Auburn, Avon, Bellingham, Berlin, Braintree, Dartmouth, Erving, New Ashford, North Attleboro, Seekonk, Somerset, Swampscott, Westford and Wrentham.