

FY 2015 Classification Hearing

November 10, 2014

Town Budget Process:

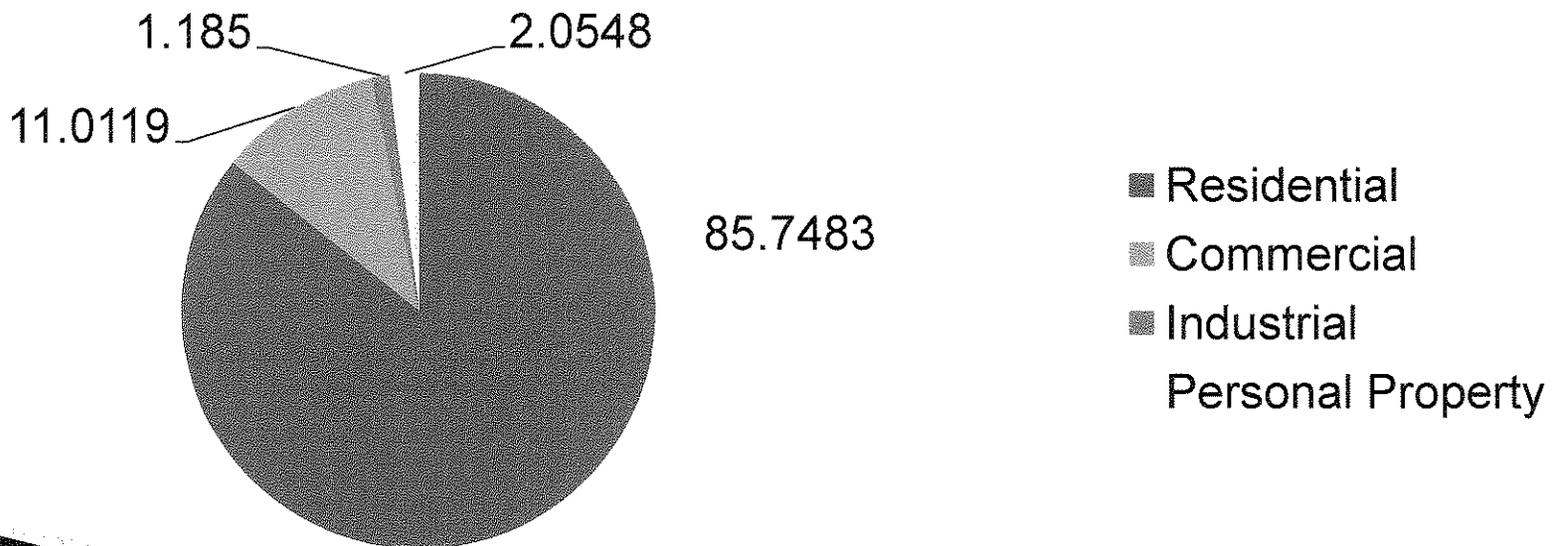
- ▶ Every year, those present at our Annual Town Meeting vote to approve the upcoming budget figures.
- ▶ The money to fund the budget comes from Local Receipts (permits, fees, etc), State Aid, Other Revenues (free cash, stabilization, etc), and the Levy.
- ▶ The Levy refers to the amount of money a community can raise through Real Estate and Personal Property Taxes.

To Clarify...

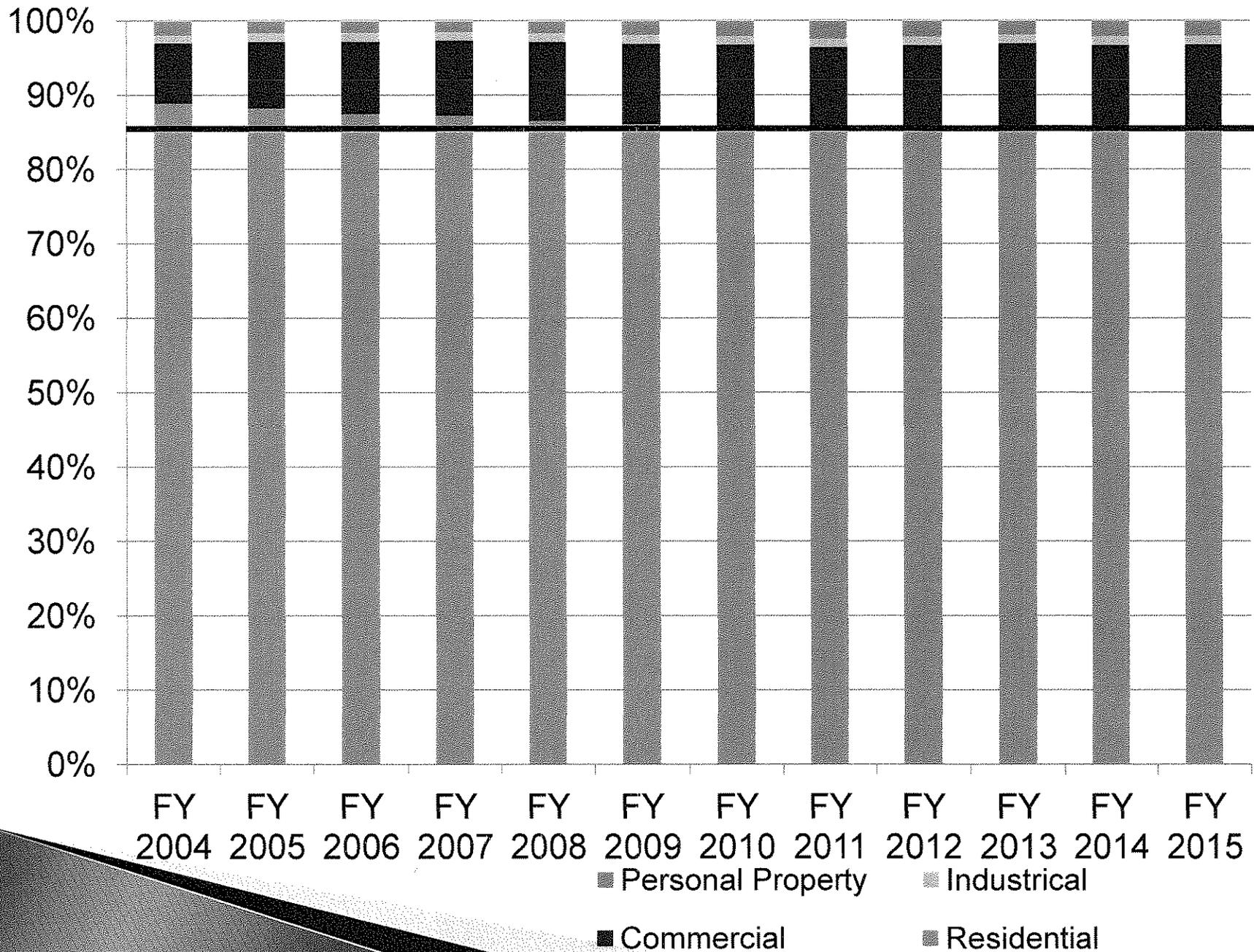
- ▶ The classification hearing does not change the amount of money which can be raised from Real Estate and Personal Property Taxes (The Levy).
- ▶ A split rate will not increase revenue for the town.
- ▶ A split rate shifts some of the tax burden onto all commercial, industrial, and personal property accounts.

Classification:

- ▶ The Board of Selectmen hold a Classification Hearing each year to determine if the Levy gets divided evenly via a single tax rate, or if the tax burden gets shifted between the classes.
- ▶ Here are the current class percentages:



Historic class percentages



LA-7 Shift

- ▶ Should the Selectmen choose to shift some of the burden to the CIP (commercial, industrial, personal property), the shift may not be more than 150% of the original burden.
- ▶ Given this restriction, our minimum residential share (with max shift) is 78.6224 and our maximum CIP share (with max shift) is 21.3777.

At the original limit, the share of the levy to be raised by each class would be as follows:

	Original % of share	Original Levy Share	Single Tax Rate
Residential	85.7480	25,166,352	17.01
CIP	14.2520	4,182,757	17.01

At the maximum allowable limit, the share of the levy to be raised by each class is as follows:

	Max Shift Share %	Max Shift Levy Share	Max Split Rates
Residential	78.6224	23,074,974	15.59
CIP	21.3777	6,274,136	25.51

Average Values

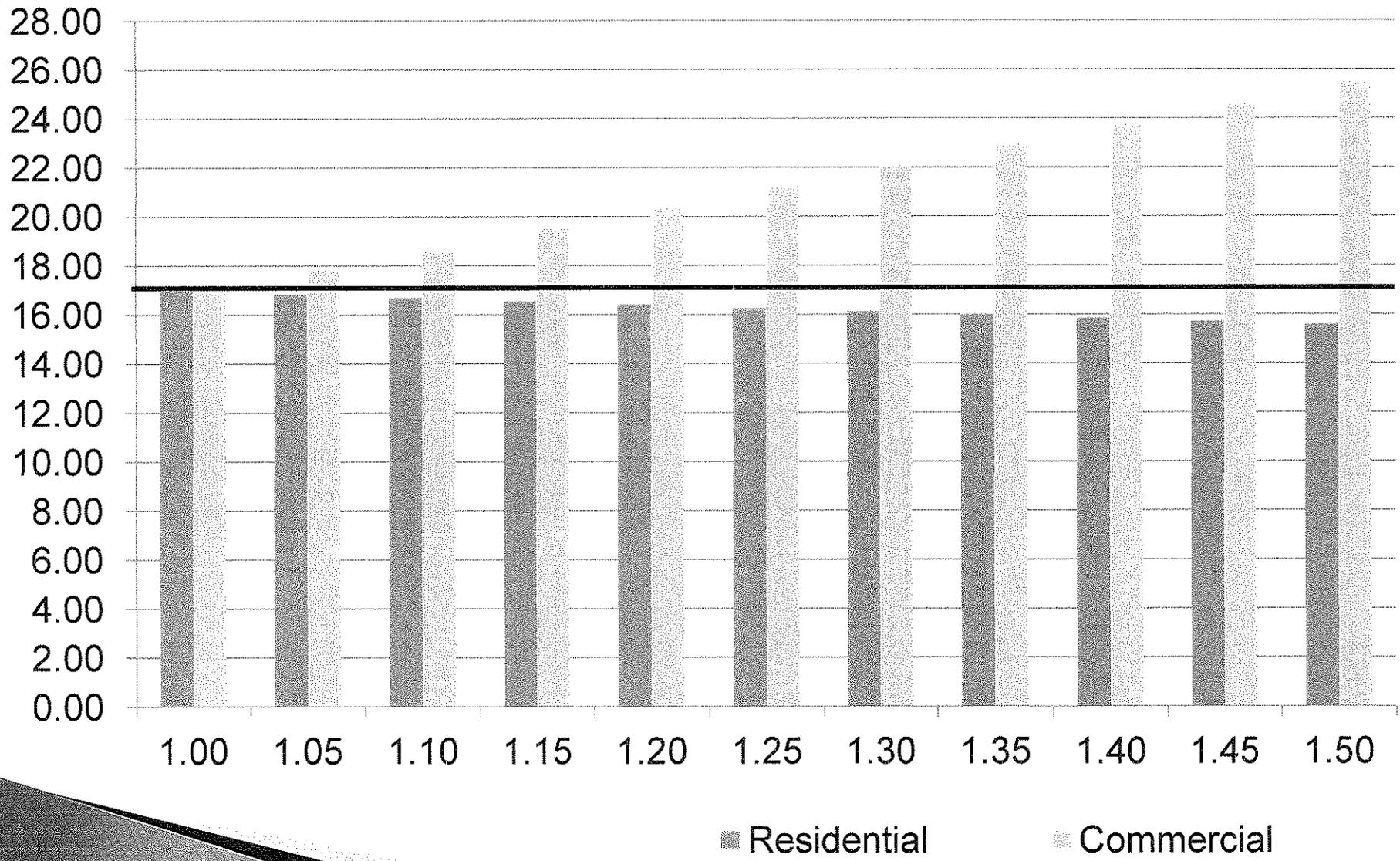
- ▶ The current value of the average single-family home is: \$295,431
- ▶ The taxes would be: \$5,025.28
- ▶ Currently, 62.34% of all of the single-family homes are valued at or below the average.
- ▶ The current value of the average commercial property is: \$879,042
- ▶ The taxes would be: \$14,952.50
- ▶ Currently, 79.7% of all of the commercial properties are valued under \$1,000,000

Impact of Tax Shifts

Shift	Res Tax	Res Rate	Res Savings	Res % Change	Comm Tax	Comm Rate	Comm Incr	Comm % Change
1.00	5,025.28	17.01			14,952.50	17.01		
1.05	4,980.97	16.86	-44.18	-0.88%	15,699.69	17.86	747.19	5.00%
1.10	4,939.61	16.72	-85.54	-1.70%	16,446.88	18.71	1,494.38	9.99%
1.15	4,898.25	16.58	-126.90	-2.53%	17,194.06	19.56	2,241.56	14.99%
1.20	4,856.89	16.44	-168.26	-3.35%	17,941.25	20.41	2,988.75	19.99%
1.25	4,815.53	16.30	-209.62	-4.17%	18,688.43	21.26	3,735.93	24.99%
1.30	4,774.16	16.16	-250.99	-4.99%	19,435.62	22.11	4,483.12	29.98%
1.35	4,732.80	16.02	-292.35	-5.82%	20,182.80	22.96	5,230.30	34.98%
1.40	4,688.49	15.87	-336.66	-6.70%	20,929.99	23.81	5,977.49	39.98%
1.45	4,647.13	15.73	-378.02	-7.52%	21,677.18	24.66	6,724.68	44.97%
1.50	4,605.77	15.59	-419.38	-8.35%	22,424.36	25.51	7,471.86	49.97%

As you can see, the highest shift would result in commercial paying approximately 50% more in taxes, while residential parcels would save just over 8%.

Impact of a Split Rate



In Closing,

- ▶ The Board of Assessors voted to recommend that the Board of Selectmen continue to use a single tax rate.