



Fiscal Year 2023

## TAX CLASSIFICATION HEARING

Tuesday, November 22, 2022

### **HOLYOKE BOARD OF ASSESSORS**

*Debbie Brunelle - Member*

*Anthony Dulude - Member*

*Maureen Cronin - Member*

*Cheryl Hollway - Assessor*

# Introduction

Prior to the mailing of 3<sup>rd</sup> quarter tax billings, the City Council holds a public hearing to determine the percentage of the Town's property tax levy to be borne by each major property class. The responsibility and procedures are 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 information provided 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)
  - Step 5 - Determine tax shift options (City Council)
  - Step 6 – Voting a tax shift factor (City Council)
  
- **Post Classification Hearing Steps**
  - Step 7 - Sign the LA-5 Classification form (City Council)
  - Step 8 - Send annual recap to DOR for tax rate approval (Assessors)
  - Step 9 - Obtain DOR approval of tax rates (Assessors)

## 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 taxation.

**Levy Ceiling:** The levy ceiling is 2-1/2 percent of the full value of the Town. **\$63,459,900**

**New Growth Revenue:** Property taxes derived from newly taxable properties like new construction additions, renovations, subdivisions and personal property. **\$441,911**

**Levy Limit:** Also referred to as the "maximum allowable levy", this is calculated by adding 2-1/2 percent of the previous year's levy limit plus new growth revenue for the present fiscal year and any excluded debt payments to last year's levy limit. Exceeding the levy limit requires an override of Proposition 2-1/2. **\$61,999,858**

**Excess Levy Capacity:** Excess levy capacity is the difference between the actual levy and the levy limit. **\$1,460,042**

## The Fiscal Year 2023 Levy Limit and Amount to be Raised

The following is a calculation of Holyoke's levy limit for fiscal year 2023.

Fiscal Year 2022 Levy Limit	59,911,794
Amended Fiscal Year 2022 Growth	144,749
Levy Increase Allowed Under Proposition 2-1/2	1,501,413
Fiscal Year 2023 New Growth	441,911
Fiscal Year 2023 Overrides	0
Fiscal Year 2023 Subtotal	61,999,858
Capital Expenditure Exclusions	
Fiscal Year 2023 Levy Limit	61,999,858
Levy Ceiling	63,459,900
<b>Levy to be raised</b>	
Excess Levy Capacity	

### Summary of Assessments (LA4)

The Interim-revaluation requires the verification, analysis and use of arms-length sales from calendar year 2021 for the residential class. Sales from calendar years 2020 and 2021 were used to value the apartment, vacant land, commercial and industrial property classes. Market trends may indicate that different property types may change in value more or less than other property types.

See attached Assessment Classification Report: LA4

11/16/2022  
10:30:27AM

**City of Holyoke**  
**ASSESSMENT CLASSIFICATION REPORT: LA4**

LandType	Mixed Chptr	Parcels	Residential	Open Space	Commercial	Industrial	Pers. Property
			Class1	Class2	Class3	Class4	Class5
101:		5,328	1,258,802,500				
102:		452	58,916,800				
Misc Res:		18	4,770,600				
104:		1,316	292,070,400				
105:		276	64,632,100				
111-125:		308	211,828,250				
130-32 & 106:		796	17,874,098				
200-299:		0	0				
300-399:		668	0		420,761,906		
400-449:		214	0			70,906,321	
450-452:		4	0			1,437,900	
CH61 Land:	2	2	0		14,031		
CH61 A:	9	15	0		212,553		
CH61 B:	6	8	0		1,713,554		
012-043:		175	52,402,568		18,340,980	3,214,216	
501:		173	0				12,408,515
502:		230	0				17,450,398
503:		3	0				8,900
504:		1	0				12,824,587
550-552:		11	0				2,602,812
505:		5	0				11,305,800
506:		1	0				767,700
508:		3	0				3,128,516
Invalid LUC:		0	0				
<b>TAXABLE CLASS VALUES:</b>			<b>1,961,297,316</b>	<b>0</b>	<b>441,043,024</b>	<b>75,558,437</b>	<b>60,497,228</b>

<b>R/E COUNT:</b>	<b>9,597</b>	<b>REAL ESTATE TAXABLE:</b>	<b>2,477,898,777</b>
<b>EXEMPT COUNT:</b>	<b>918</b>	<b>R/E EXEMPT VALUE:</b>	<b>513,717,673</b>
<b>R/E TOTAL COUNT:</b>	<b>10,515</b>	<b>R/E TOTAL VALUE:</b>	<b>2,991,616,450</b>
<b>P/P COUNT:</b>	<b>427</b>	<b>PERS. PROP. TAXABLE:</b>	<b>60,497,228</b>
<b>TAXABLE COUNT:</b>	<b>10,024</b>	<b>TOTAL R/E &amp; PP TAXABLE VALUE:</b>	<b>2,538,396,005</b>

Questions concerning this report should be directed to the following person:

Name	Title	Day-Time Phone #

## Average Tax Data 2019 – 2023

### SINGLE FAMILY HOMES – CLASS 101

FISCAL YEAR	TOTAL VALUE	PARCELS	AVERAGE VALUE	TAX RATE	AVERAGE TAX BILL
2023	\$1,258,802,500	5,328	\$236,262	\$	\$
2022	\$1,168,897,359	5,326	\$219,470	\$19.26	\$4,227
2021	\$1,105,499,736	5,319	\$207,839	\$19.27	\$4,005
2020	\$1,051,441,643	5,319	\$197,677	\$19.08	\$3,772
2019	\$1,015,519,087	5,327	\$190,637	\$19.29	\$3,677

### TWO FAMILY HOMES – CLASS 104

FISCAL YEAR	TOTAL VALUE	PARCELS	AVERAGE VALUE	TAX RATE	AVERAGE TAX BILL
2023	\$292,070,400	1,316	\$221,938	\$	\$
2022	\$282,155,500	1,316	\$214,404	\$19.26	\$4,129
2021	\$243,637,700	1,312	\$185,699	\$19.27	\$3,578
2020	\$226,108,800	1,310	\$172,602	\$19.08	\$3,293
2019	\$215,072,600	1,306	\$164,681	\$19.29	\$3,177

### COMMERCIAL & INDUSTRIAL – CLASS 300'S & 400'S

FISCAL YEAR	TOTAL VALUE	PARCELS	AVERAGE VALUE	TAX RATE	AVERAGE TAX BILL
2023	\$493,106,127	886	\$556,553	\$	\$
2022	\$492,893,717	890	\$553,813	\$40.60	\$22,484
2021	\$506,760,834	899	\$563,694	\$40.63	\$22,903
2020	\$537,638,902	898	\$598,707	\$39.73	\$23,787
2019	\$535,842,795	894	\$599,377	\$39.86	\$23,891

### COMMERCIAL & INDUSTRIAL (EXCLUDING THE MALL)

FISCAL YEAR	TOTAL VALUE	PARCELS	AVERAGE VALUE	TAX RATE	AVERAGE TAX BILL
2023	\$365,887,123	883	\$414,368	\$	\$
2022	\$359,871,913	887	\$405,718	\$40.60	\$16,472
2021	\$337,915,926	896	\$377,138	\$40.63	\$15,323
2020	\$326,845,702	895	\$365,191	\$39.73	\$14,509

# Shifting the Tax Burden – Fiscal Year 2023

## I. Calculation of the minimum residential factor – 150% shift

The Minimum Residential Factor is used to make sure the shift of the tax burden complies with the law (M.G.L. c. 58, §1A). Residential and Open Space Taxpayers must pay at least 65% of their full and fair cash value share of the levy. Commercial/Industrial/Personal property taxpayers cannot pay more than 150% of their full and fair cash value share of the levy. If the calculated Minimum Residential Factor is less than 65%, a community cannot make the maximum shift and must use a commercial/ industrial/ personal property factor less than 150%.

A Class	B Full and Fair Cash Valuation	C Percentage Share	D Combined Res/OS, CIP
1.Residential	1,961,297,316	77.2652%	77.2652%
2.Open Space	0	0.00000%	
3.Commercial	441,043,024	17.3749%	22.7348%
4.Industrial	75,558,437	2.9766%	
5.Personal Property	60,497,228	2.3833%	
<b>Totals</b>	<b>2,538,396,005</b>	<b>100.0000%</b>	

## II. Calculation of the lowest possible residential factor – 175% (Chapter 200)

Chapter 200 of the Acts of 1988 amended M.G.L. c. 58, §1A to allow cities and towns to give Residential property taxpayers greater tax relief by adopting a shift of the property tax burden from Residential taxpayers to the Commercial, Industrial and Personal Property taxpayers, provided certain parameters are not exceeded. Chapter 200 allows a shift of up to 75% (also known as a 175% shift) and lowers the percentage that Residential and Open Space taxpayers must raise to 50%. By expanding the shift, the tax levy on Commercial, Industrial and Personal Property taxpayers increases and the tax levy on Residential and Open Space taxpayers decreases.

The first Section (Steps 1, 2, & 3) determines whether Residential taxpayers would raise a greater percentage of the property tax levy this fiscal year than they raised last year, if the city voted the existing law's maximum shift of 150% onto Commercial/Industrial/personal Property taxpayers.

**1.Last year's chosen Residential percentage (Residential only does not include Open Space)** 60.2709%

This is last year's chosen residential percentage (RES%), not including Open Space, from form LA-5 (under the "SHIFT PERCENT'S" section). (NOTE: The residential share in the fiscal year prior to a community's first property value certification may be used if the assessors can document that it was lower than the prior year's LA5 RES%.)

**2.This year's Minimum Residential Factor using a 150% shift to CIP (from LA-7)** 85.2878%

This is the "Minimum Residential Factor (MRF)" calculation in Section I above.

**3.Minimum Residential share (R) in current year using 150% Shift to CIP.** 65.8978%

This is the "Minimum Share of levy for Residential" calculation in Section I above.

## Voting a Tax Shift Factor

The Holyoke City Council 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 \_\_\_\_\_, with a corresponding CIP shift of \_\_\_\_\_ pending certification of the City's annual tax recap by the Massachusetts Department of Revenue.

### FY 2023 Levy Limit

Class	Value	Percentage	
Residential	1,961,297,316	77.2652%	R & O %
Open Space	0	0.00000%	77.2652
Commercial	441,043,024	17.3749%	
Industrial	75,558,437	2.9766%	C I P %
Personal Property	60,497,228	2.3833%	22.7348
<b>Total</b>	<b>2,538,396,005</b>	<b>100.0000%</b>	

Enter a Levy (estimated if necessary)

Levy	61,999,858
Single Tax Rate	24.42

### FY 2023 Levy Ceiling

Class	Value	Percentage	
Residential	1,961,297,316	77.2652%	R & O %
Open Space	0	0.00000%	77.2652
Commercial	441,043,024	17.3749%	
Industrial	75,558,437	2.9766%	C I P %
Personal Property	60,497,228	2.3833%	22.7348
<b>Total</b>	<b>2,538,396,005</b>	<b>100.0000%</b>	

Enter a Levy (estimated if necessary)

Levy	63,459,900
Single Tax Rate	25.00