



**TOWN OF HAMPDEN  
FISCAL 2023 TAX CLASSIFICATION  
HEARING  
NOVEMBER 21, 2022 @ 6:10PM**

Prepared by:

Norman Charest, Chair

Robert Makuch, Assessor

Jason Barroso, Assessor

Kelly McCormick, MAA, Principal Assessor

The purpose of this hearing is for the Board of Assessors to provide information to the Board of Selectmen regarding the tax rate options available to the town under property tax classification. The Selectmen will then decide on a factor to establish the allocation of the tax levy.

There will be four votes required which will determine the share of the levy to be borne by each class of property.

Please note that the FY2023 tax rate has not yet been approved and this hearing does not determine what the actual tax rate will be. The estimated tax rate being used is subject to change. Final tax rates can change slightly when submitted to the Department of Revenue.

## **REQUIRED VOTE:**

### **1. SELECTION OF MINIMUM RESIDENTIAL FACTOR (Factor of 1 = Single Tax Rate)**

- **Single vs. Split Tax Rate**

### **2. OPEN SPACE DISCOUNT**

- **The Town currently has no properties classified in Open Space (Class 2)**

### **3. RESIDENTIAL EXEMPTION**

- **Shifts the burden within residential class onto higher priced and non-owner-occupied properties. (Adopted in few communities with large number of vacation homes.)**

### **4. SMALL COMMERCIAL EXEMPTION**

- **Shifts the burden from qualifying small businesses to other commercial & industrial properties. (Out of 40 commercial properties, fewer than 10 may qualify for this exemption.)**

Additional Information on the required votes:

1) **Single versus Split Tax Rate** –

Adopting a minimum residential factor of 1 would result in a single tax rate. Adopting a minimum residential factor of less than 1 would result in a split tax rate. There would be one rate for residential properties and another higher rate for the commercial, industrial, and personal property classes. The residential class accounts for approximately 85% of the property in Hampden, while the commercial, industrial, and personal property classes combined account for approximately 15%. Historically, Hampden has always adopted a single tax rate.

2) **Open Space Discount** –

Hampden currently does not have any property classified in Open Space (Class 2).

3) **Residential Exemption** –

This exemption would shift the burden within the residential class onto higher priced and non-owner-occupied homes. The Town of Hampden taxpayers would not benefit from this exemption due to the majority of residential properties being owner-occupied.

4) **Small Commercial Exemption** – This exemption would shift the burden from qualifying small businesses to other commercial and industrial properties. Those who could qualify for this exemption are commercial parcels with a valuation of less than \$1 million, that are occupied solely by businesses, and have an average of no more than 10 people employed annually. Out of 40 commercial properties, fewer than 10 may qualify for this exemption. 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. For the few properties that may qualify, the one who would directly benefit from this exemption would be the owner of the qualifying properties, not the small business owner.

## History of the Levy Percentages in Hampden

### Taxes Paid by Residential, Commercial, Industrial & Personal Property (CIP)

<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>Residential</u>	<u>Levy %</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Personal Property</u>	<u>Levy %</u>
FY2016	\$19.36	\$505,779,000	89%	\$24,137,950	\$4,315,300	\$35,216,010	11%
FY2017	\$19.29	\$513,422,900	88%	\$26,875,700	\$4,416,200	\$39,613,670	12%
FY2018	\$20.00	\$516,613,500	85%	\$28,059,840	\$4,545,300	\$56,440,019	15%
FY2019	\$19.69	\$532,456,625	85%	\$33,339,245	\$5,334,700	\$53,273,522	15%
FY2020	\$20.15	\$537,071,300	85%	\$33,433,070	\$5,327,100	\$53,891,646	15%
FY2021	\$19.67	\$572,526,900	85%	\$33,630,810	\$5,882,800	\$61,264,849	15%
FY2022	\$18.72	\$612,174,400	85%	\$33,598,220	\$5,892,500	\$70,448,492	15%
FY2023	\$16.89	\$683,892,825	85%	\$35,279,425	\$5,942,650	\$77,861,676	15%



**TOWN OF HAMPDEN  
FISCAL YEAR 2023  
MINIMUM RESIDENTIAL FACTOR COMPUTATION**

<i>CLASS</i>	<i>FULL &amp; FAIR CASH VALUE 2022</i>	<i>FULL &amp; FAIR CASH VALUE 2023</i>	<i>PERCENT SHARE 2022</i>	<i>PERCENT SHARE 2023</i>	
Residential	\$612,174,400	\$683,892,825	<b>84.7753%</b>	<b>85.1697%</b>	
Open Space	0	0	<b>0</b>	<b>0</b>	<b>85.1697%</b>
Commercial	\$33,598,220	\$35,279,425	<b>4.6528%</b>	<b>4.3936%</b>	
Industrial	\$5,892,500	\$5,942,650	<b>.8160%</b>	<b>.7401%</b>	<b>14.8303%</b>
Personal Property	\$70,448,492	\$77,861,676	<b>9.7559%</b>	<b>9.6966%</b>	
Totals	<b>\$722,113,612</b>	<b>\$802,976,576</b>			
Tax Rate	<b>\$18.72</b>	<b>\$16.89</b>	<b>100.00%</b>	<b>100.00%</b>	

Maximum Share of Levy for Classes Three, Four and Personal	<b><u>150%</u></b>	x	14.8303%	=	22.2454%
Minimum share of the Levy for Classes One and Two	100%	-	22.2454%	=	77.7546%
Minimum Residential Factor (MRF)	77.7546%	/	85.1697%	=	<b><u>91.2937% MRF</u></b>
Maximum Share of Levy for Classes Three, Four and Personal	<b><u>125%</u></b>	x	14.8303%	=	18.5379%
Minimum share of the Levy for Classes One and Two	100%	-	18.5379%	=	81.4621%
Minimum Residential Factor (MRF)	81.4621%	/	85.1697%	=	<b><u>95.6468% MRF</u></b>

**FISCAL YEAR 2023**  
**ESTIMATED TAX RATES**

<b>Property Class</b>	<b>Factor of 1.00 (Single Tax Rate)</b>	<b>125% Shift .956871%</b>	<b>150% Shift .913743%</b>
<b>Residential</b>	\$16.88	\$16.15	\$15.42
<b>Commercial</b>	\$16.88	\$21.10	\$25.32
<b>Industrial</b>	\$16.88	\$21.10	\$25.32
<b>Personal Property</b>	\$16.88	\$21.10	\$25.32

**EXAMPLE:**

Average <u>Residential property</u> value=\$346,000	<u>MRF=100%</u>	<u>MRF=125%</u>	<u>MRF=150%</u>
Tax Rate	\$16.88 = \$5,840.48	\$16.15 = \$5,587.90	\$15.42 = \$5,335.32
Estimated Residential Tax Reduction		-\$252.58	-\$505.16
Average <u>CIP property</u> value=\$801,000	<u>MRF=100%</u>	<u>MRF=125%</u>	<u>MRF=150%</u>
Tax Rate	\$16.88 = \$13,520.88	\$21.10 = \$16,901.10	\$25.32 = \$20,281.32
Estimated Additional Tax to CIP		+\$3,380.22	+\$6,760.44

*The FY2023 assessed value for the average Single-family home in Hampden is \$346,000.*

*The FY2023 assessed value for the average Commercial/ Industrial/ Personal Property value is \$801,000.*

*Based on these average assessed values, the maximum shift of 150% would lower the average Single-family tax bill by \$505.16*

*The maximum shift of 150% would increase the average Commercial/ Industrial/ Personal Property tax bill by \$6,760.44.*