



# HUDSON



## Tax Classification Hearing

Presented by  
Brian Bowen

Principal Assessor  
Katie Evangelisti

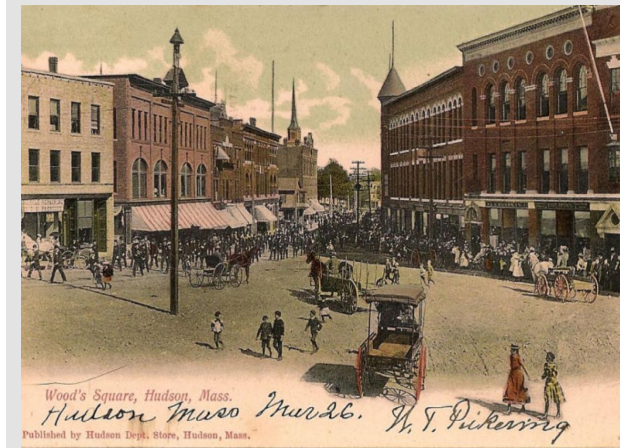
### Select Board

December 1, 2025

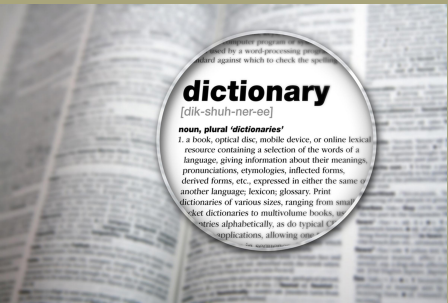
Board of Assessors:

Brian Bowen  
Christine Griffin  
Joanne McIntyre

## Fiscal Year 2026



# IMPORTANT TERMS



TERM	DEFINITION
<b>Levy</b>	The amount a community raises through property taxes
<b>Levy Ceiling</b> M.G.L c. 59 Sec. 21C	Taxes <u>may not</u> exceed 2 ½ percent of the total full and cash <b>value</b> of <u>all</u> taxable property (Proposition 2 1/2 )
<b>Levy Limit</b> M.G.L c. 59 Sec. 21C	Real and Personal taxes may not grow more than 2 ½ percent of <b>prior year's levy</b> (Proposition 2 1/2)
<b>Excess Levy Capacity</b>	Difference between levy limit and the amount of actual levy.
<b>New Growth</b>	New tax revenue realized by new construction, renovations and other increases in property tax base.
<b>Capital Exclusion</b>	A vote by taxpayers allow the Town to raise funds necessary to pay for a capital project or an acquisition
<b>Debt Exclusion</b>	Taxpayers' vote to allow Town to raise funds for debt service costs for a project that exceeds Proposition 2 1/2
<b>Override</b>	A vote by taxpayers at town election will allow the Town to increase the levy limit no higher than the levy ceiling
<b>Override Capacity</b>	The difference between the levy ceiling and the levy limit, representing the maximum allowed.
<b>Minimum Residential Factor ("MRF")</b> MGL c.58 sec. 1A	Governs how much the R/O class may be decreased and how much the CIP class can increase.



# AGENDA



	Purpose of Hearing
1.	Select Board to take necessary votes to establish Tax Rates for FY '26
2.	Why do we Have Split Tax Rates?
3.	Property Classifications
4.	Steps in Setting Tax Rate
5.	A Year at a Glance and History and Milestones
6.	Vote for Minimum Residential Factor and Excess Levy Capacity

# PURPOSE of HEARING



The Select Board *must* decide whether to:

- 1) Tax all classes of property at their full and fair cash valuation, or
- 2) Reduce the share of the tax levy paid by the owners of the residential and open space classes (“R/O”) and shift the tax burden to CIP classes.

The Select Board *may* also consider whether to allow:

- 1) An open Space Discount - N/A
- 2) Residential exemption,
- 3) A small commercial exemption



# HOW WILL THE BOARD ACHIEVE THIS?



## The Select Board will take a vote to:

- ☐ Elect a single tax rate of **\$15.99** (estimate) **OR** a split tax rate **\$TBD**

A split tax rate would shift a voted percentage of of tax levy from R/O class to CIP class

- ☐ If the split tax rate is elected, Select Board must decide on a **Minimum Residential Factor**, representing the maximum shift allowed by statute MGL c.58, Sec.1A. A minimum shift would result in:

Residential Tax Rate = \$\_\_\_\_\_ CIP = \_\_\_\_\_

**R/O**



**CIP**

**MRF**



- ☐ The vote by Select Board should be in the following form:

"I move to approve a minimum residential factor of \_\_\_\_\_ and acknowledge a resulting Excess Levy Capacity of \_\_\_\_\_"



Decision by the SJC under  
Sudbury v. Commissioner  
of Corporations & Taxation

- Power and duty to maintain fair cash valuations

# Why do we Have Split Tax Rates?



1974



1979



1978

MA voters approved a Constitutional Amendment authorizing legislature to classify property into as many as 4 classes and to **tax them differently**

## Massachusetts Classification Act enacted

- Full fair cash value
- Allowed to adopt different tax rates for certain classes of property by local option



# CLASSIFICATION OF PROPERTIES



Class 1 – Residential

Class 2 – Open Space

Class 3 – Commercial

Class 4 – Industrial

Class 5 – Personal Property

RESIDENTIAL

CIP



# Steps in Setting Tax Rates



	<b>Pre-classification Hearing Steps</b>	
Steps 1 – 3	Determine Property Tax Levy (Budget Process)	<input checked="" type="checkbox"/>
	Determine Assessed Values by Class (Assessor)	<input checked="" type="checkbox"/>
	Tabulate assessed valuations by Class (Assessor)	<input checked="" type="checkbox"/>
	<b>Classification Hearing Steps</b>	
Steps 4 – 6	Classification hearing presentation (Assessor & Select Board)	<input type="checkbox"/>
	Determine Tax Shift Options (Assessor)	<input type="checkbox"/>
	Vote on a tax shift factor (Select Board)	<input type="checkbox"/>
	<b>Post Classification Hearing Steps</b>	
Steps 7 – 9	Sign the LA-5 Classification Form (Select Board)	<input type="checkbox"/>
	Send annual recap to DOR for tax rate approval (Assessor)	<input type="checkbox"/>
	Obtain DOR approval of tax rates	<input type="checkbox"/>



## FINANCIAL YEAR



## FISCAL YEAR 2026 at a Glance



Prior Levy Limit (FY 2025)	\$63,269,754
+ 2.5%	\$1,581,744
+ New Growth	<u>\$2,700,564</u>
+ Override	<u>\$3,950,000</u>
<b>FY '26 Levy Limit</b>	<b>\$71,502,062</b>
+ Debt Exclusion	\$4,070,474
+ Maximum Allowable Levy	<u>\$75,572,536</u>
<b>Actual FY 2026 LEVY</b> (set by Town Administrators)	<b>\$ 73,782,703</b>
FY '26 Estimate of Excess Levy Capacity (Actual must be acknowledged by SB)	<b><u>\$ 1,789,833</u></b>
<b>Total FY '26 Values</b> (all classes, including personal property)	<b>\$4,613,608,067</b>

# HIGHLIGHTS and MILESTONES

- ✓ FY '26 data is based on values certified by the Division of Local Services (Division of Department of Revenue) ("DLS")
- ✓ FY '26 values have been certified by DLS
- ✓ Assessment date for FY'26 is January 1, 2025
- ✓ The Average Single-Family Home is valued at **\$609,924**, compared to **\$586,519** for FY '25 (an increase of 3.99%)



# HIGHLIGHTS and MILESTONES

*Continued*

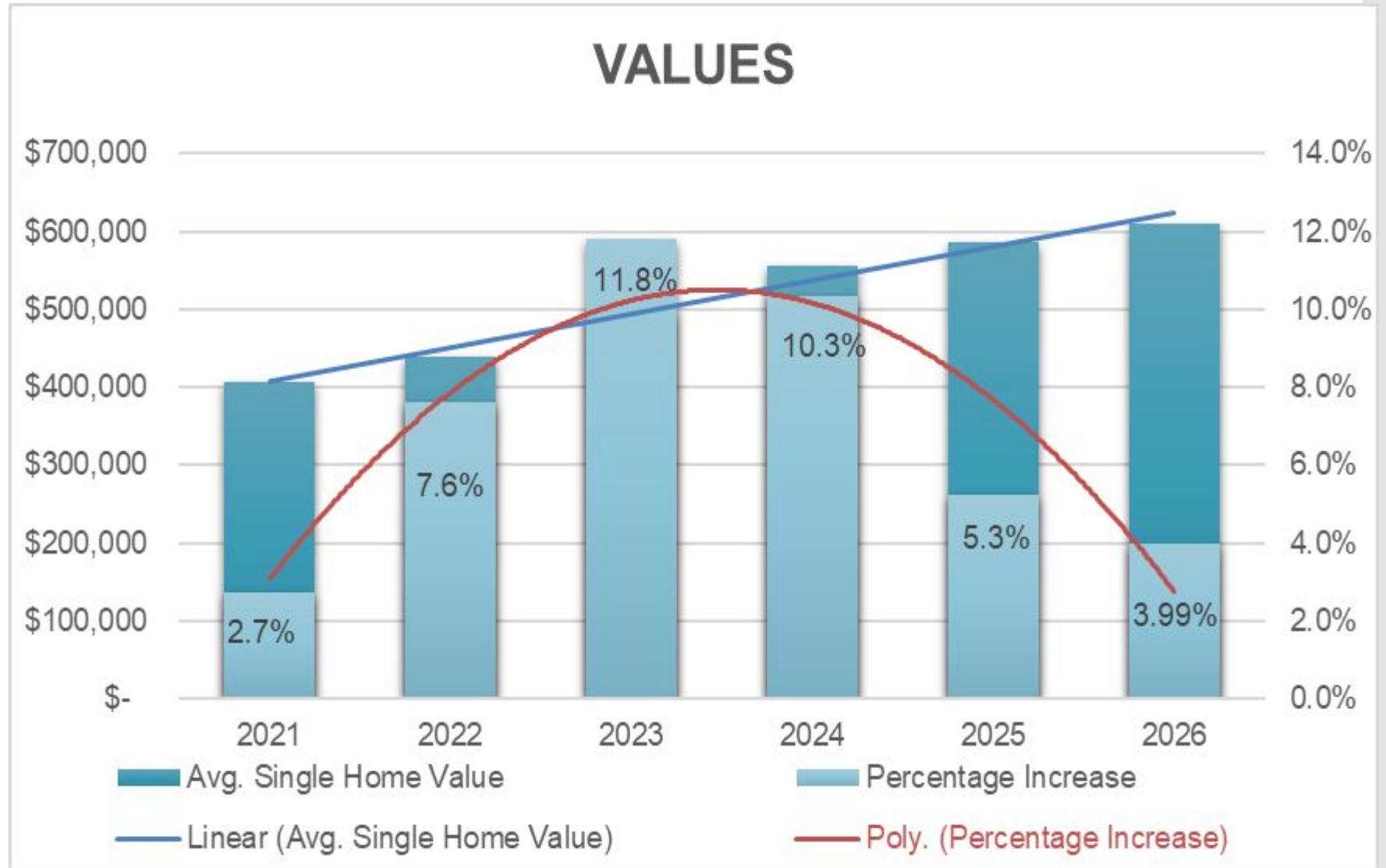


- ✓ The total value of the Residential class increased by 4.5% compared to 6.1% for FY '25 (excluding New Growth)
- ✓ The total value of the Commercial, Industrial and Personal Property ("CIP") class increased by 2.6 % excluding new growth of CIP class)
- ✓ Total New Growth of **\$119.1M** in value was realized, compared to **\$27.2M** for FY '25, resulting in **\$2,700,584** of new levy for the Town
- ✓ 65,249,100 Personal Property value increase from completion of NSTAR (\$52,439,340) and Eversource (\$12,809,760)



# Residential Value Trends

by Fiscal Year

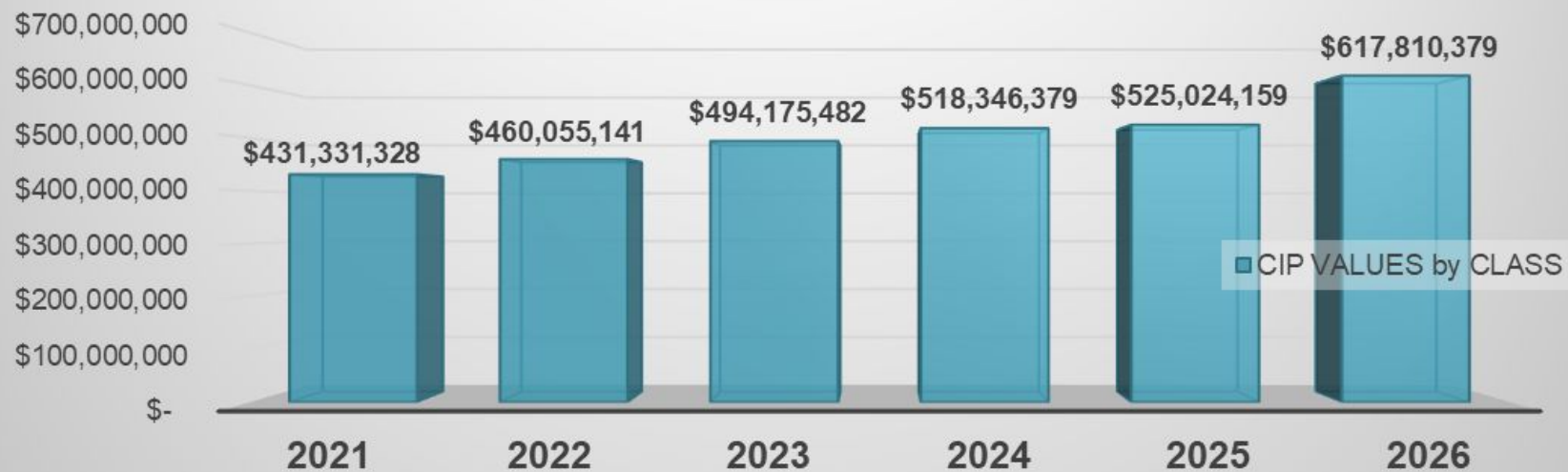




# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

## Commercial, Industrial & Personal Property



# CIP

# VALUE TRENDS



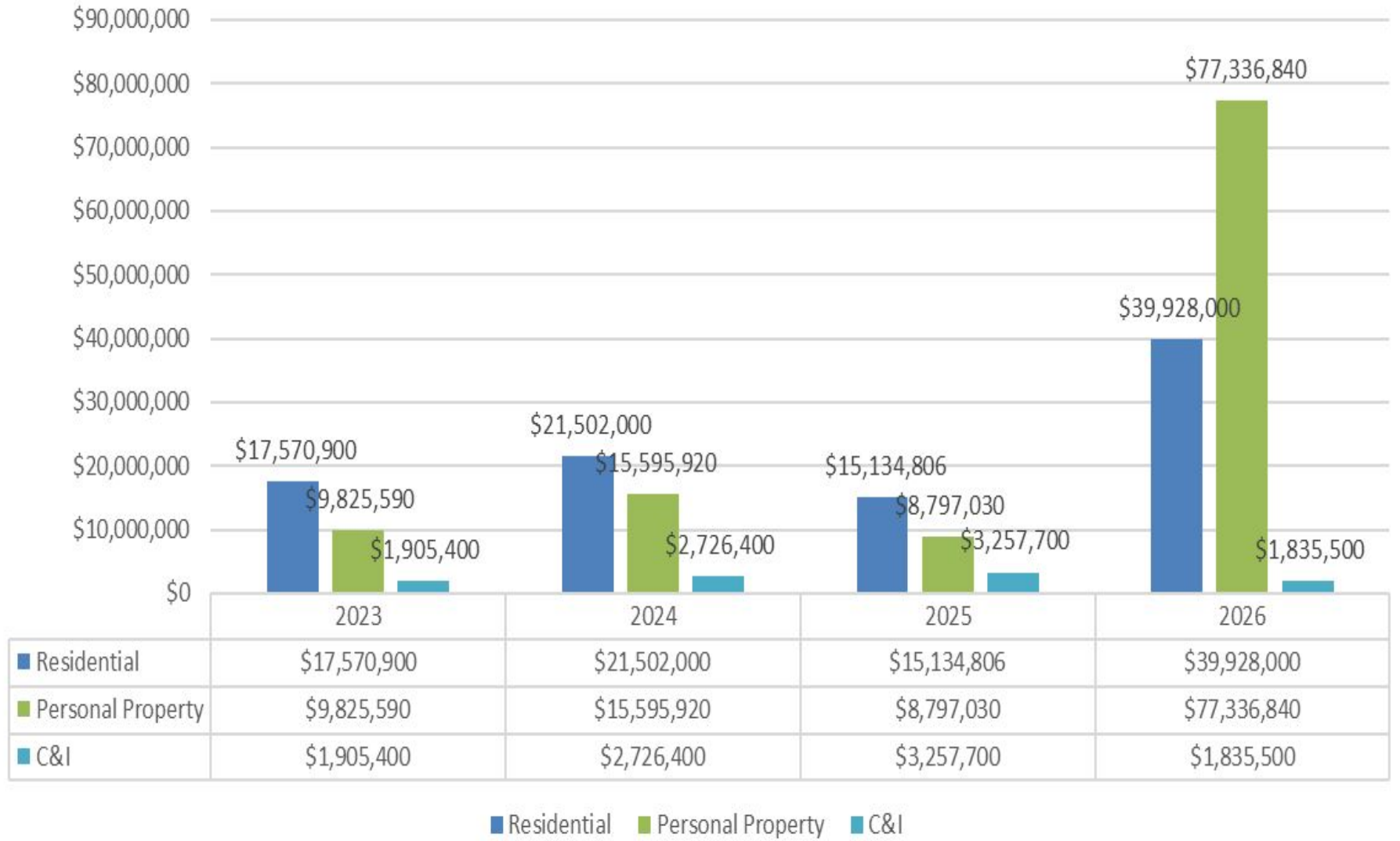




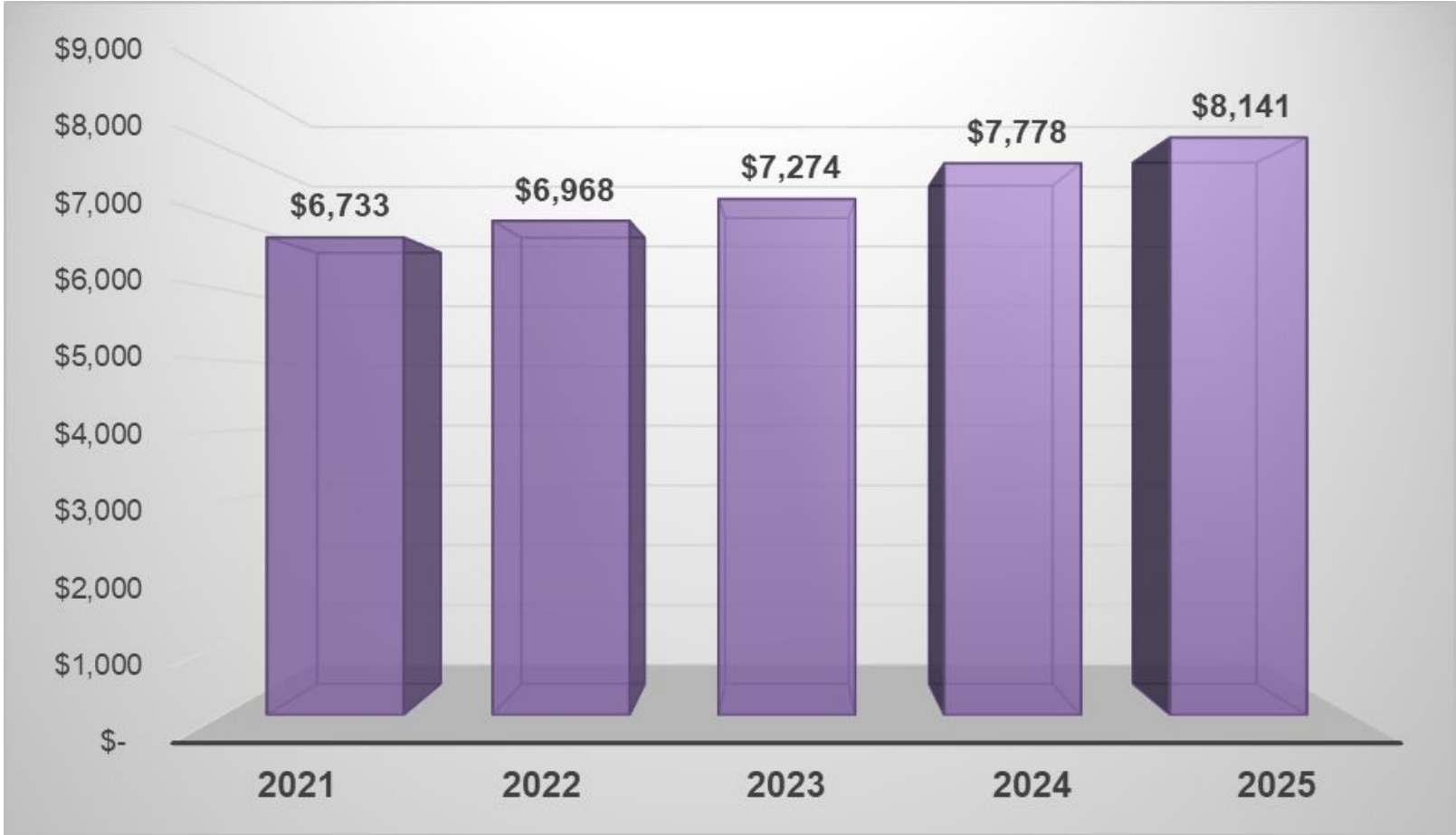
# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

## NEW GROWTH VALUE by CLASS

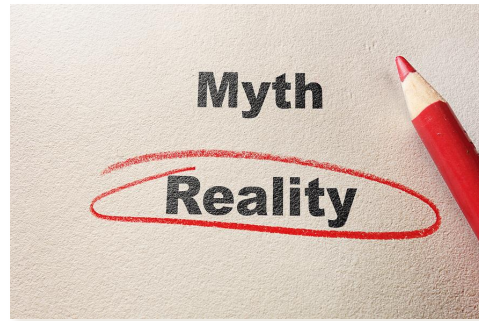


# Average Single Family Tax Bill





Avg. Single  
Family Home  
**VALUES**



Avg. Single  
Family Home  
**TAXES**



### VALUES v. TAXES

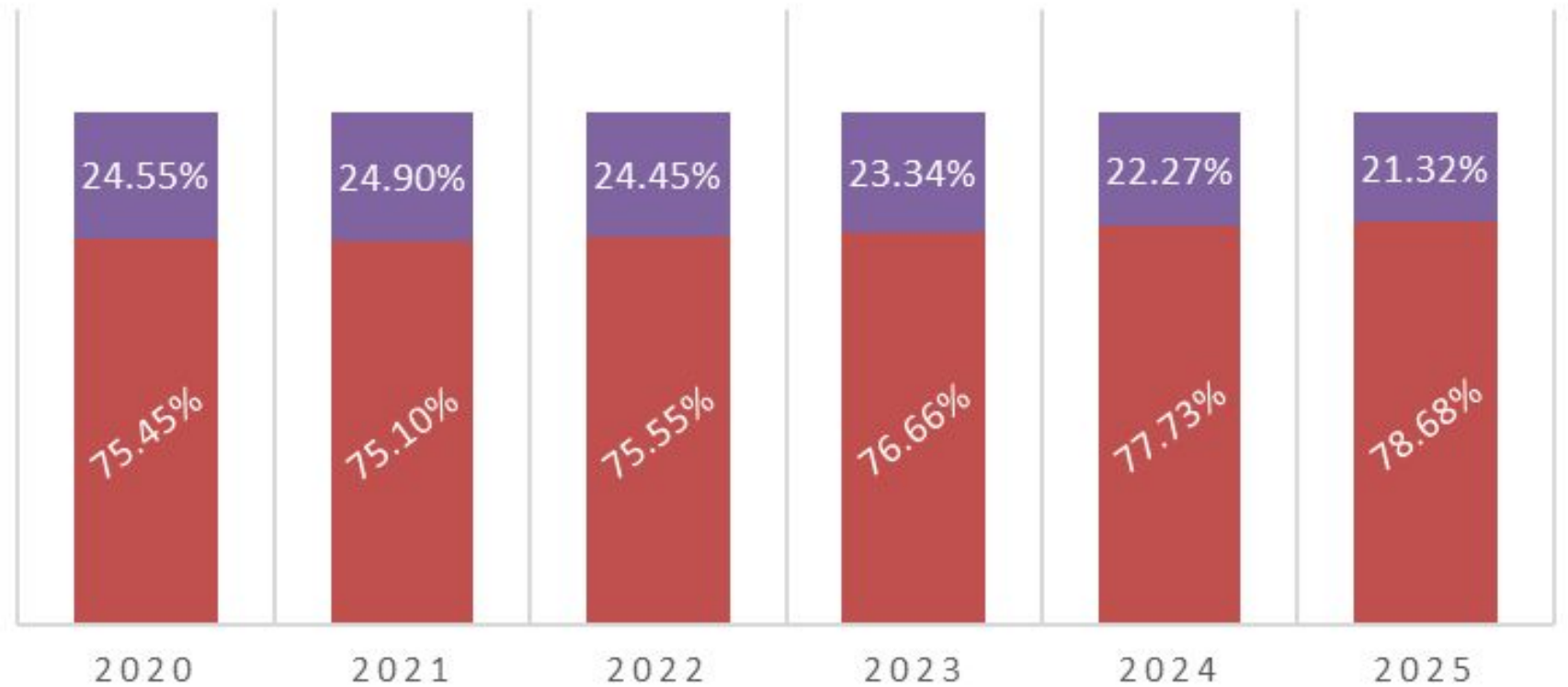


# Tax Burden carried by each Class of Property



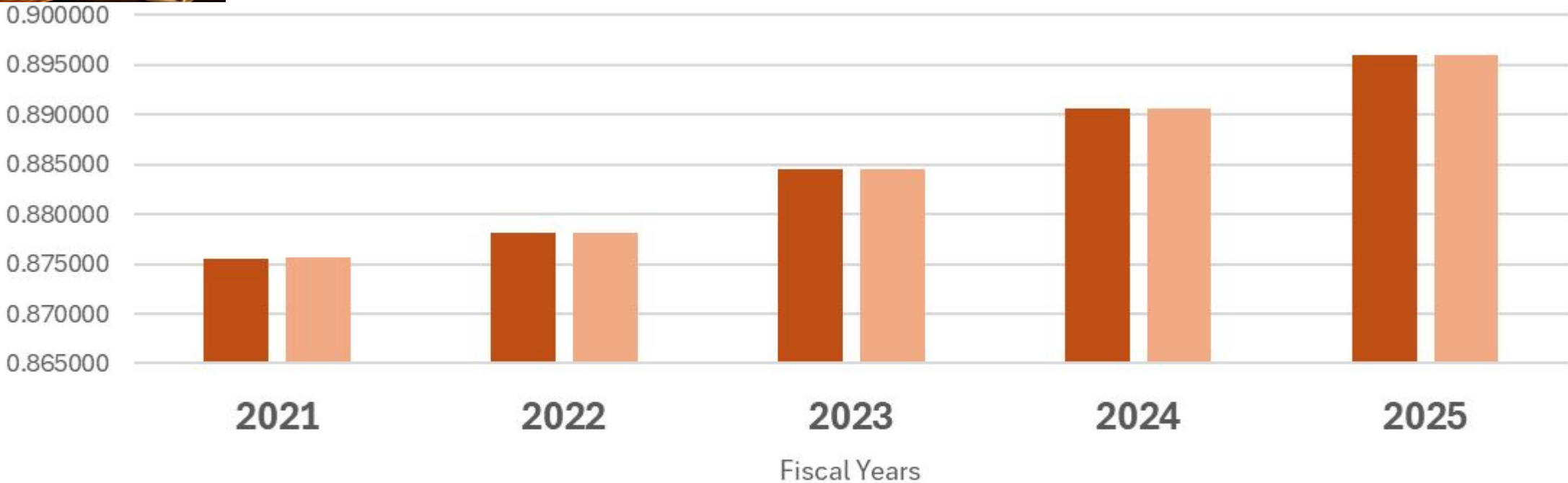
## TAX BURDEN BY CLASS

■ Residential ■ Commercial ...





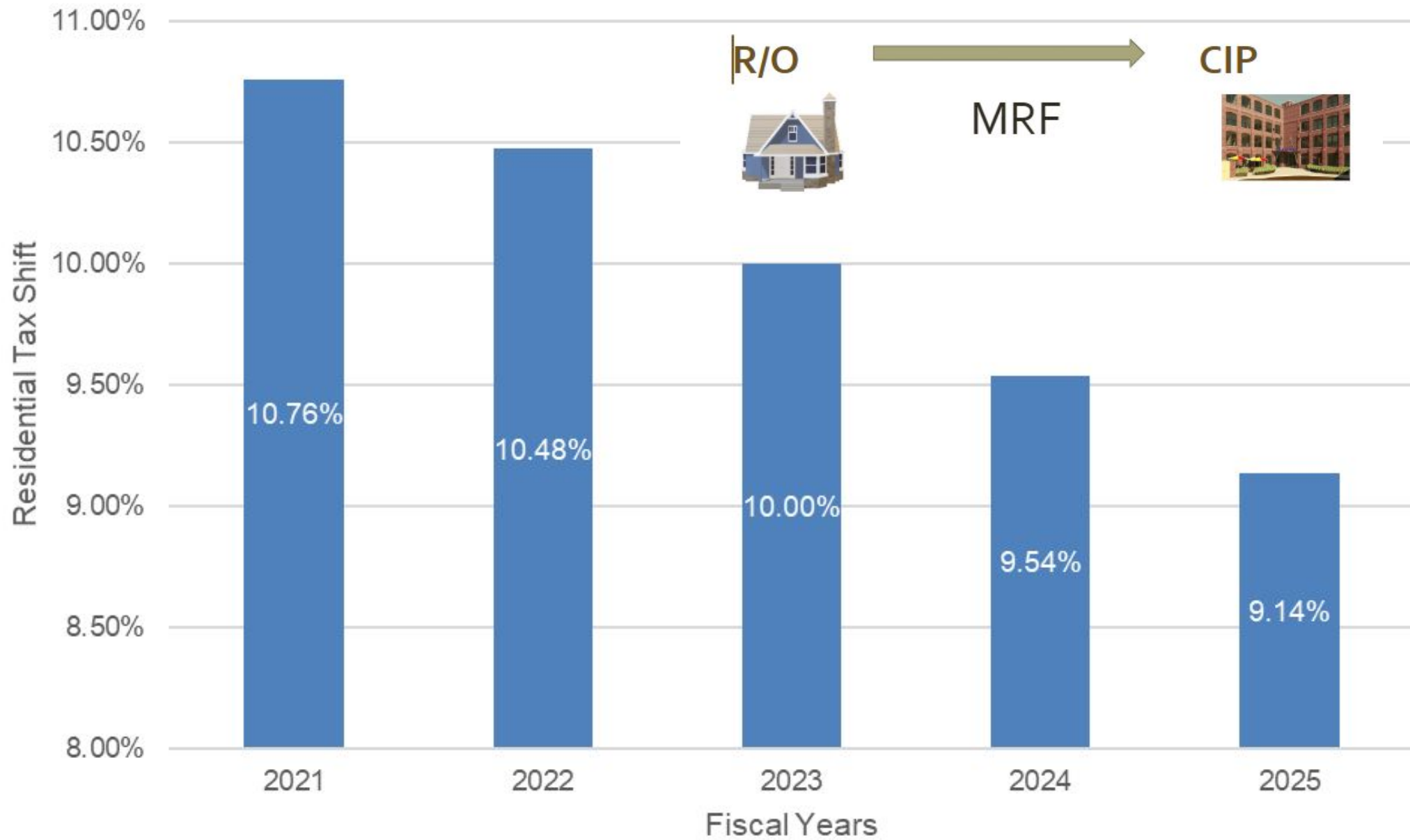
# History of Vote on Min. Residential Factor



- Legal Limit of Min. Residential Factor aka Max Shift
- Min. Residential Factor Voted on



## Percentage Shift to CIP





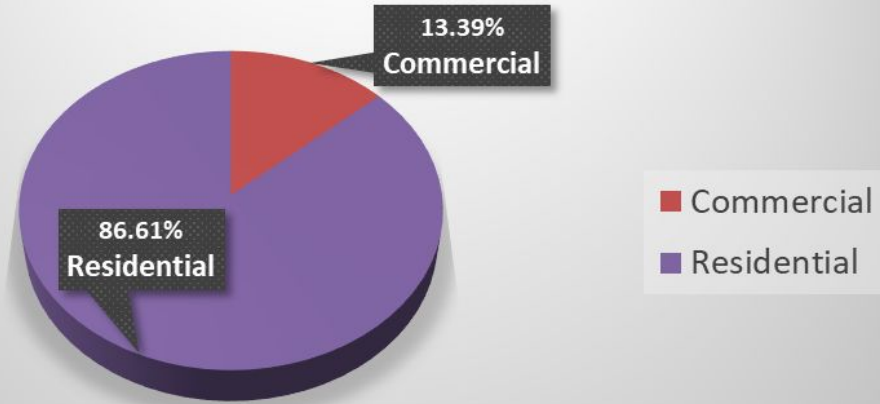
# EXCESS LEVY



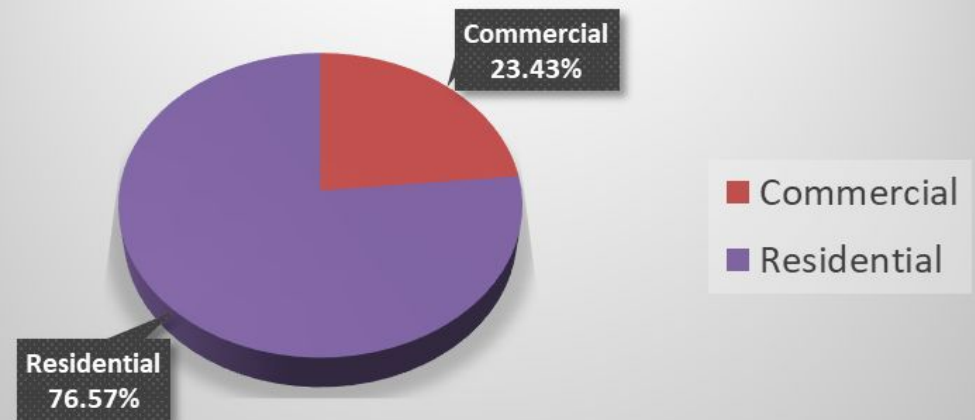
# HOW MUCH OF THE PIE (LEVY)



**TAX BURDEN BY CLASS IF  
SINGLE TAX RATE SELECTED**



**TAX BURDEN BY CLASS IF  
MAXIMUM TAX SHIFT SELECTED**



## RESIDENTIAL IMPACT

## CIP IMPACT

<u>Min. Residential Factor</u>	<u>CIP Multiplier</u>	<u>Residential Tax Rate</u>	<u>Avg. SFH Tax Bill</u>	<u>Approximate Increase (rounded)</u>	<u>Avg. Increase over 2025 (In Dollars)</u>	<u>CIP Tax Rate</u>	<u>Total Levy Collected</u>	<u>Excess Levy Capacity</u>
0.866090	1.00	15.99	\$9,753	19.80%	\$1,612	15.99	\$73,781,215	\$1,791,321
0.864750	1.01	15.97	\$9,367	15.06%	\$1,226	16.15	\$73,781,263	\$1,791,273
0.863411	1.02	15.94	\$9,349	14.84%	\$1,208	16.31	\$73,781,309	\$1,791,227
0.833951	1.24	15.40	\$9,032	10.95%	\$892	19.83	\$73,782,341	\$1,790,195
0.832612	1.25	15.37	\$9,015	10.73%	\$874	19.99	\$73,782,387	\$1,790,149
0.831273	1.26	15.35	\$9,003	10.59%	\$862	20.15	\$73,782,435	\$1,790,101
0.768335	1.73	14.19	\$8,323	2.23%	\$182	27.67	\$73,784,639	\$1,787,897
0.766996	1.74	14.16	\$8,305	2.02%	\$164	27.83	\$73,784,686	\$1,787,850
0.765657	1.75	14.14	\$8,293	1.87%	\$152	27.99	\$73,784,734	\$1,787,802

# OPTIONS



The vote by Select Board should be in the following form:

“I move to approve a minimum residential factor of \_\_\_\_\_ and acknowledge a resulting Excess Levy Capacity of \_\_\_\_\_





