



Town of Northborough

BOARD OF ASSESSORS

63 Main Street

Northborough, Massachusetts 01532-1994

508-393-5005

December 14, 2011

To the Board of Selectmen and Citizens of Northborough:

The Board of Assessors is pleased to present information and options for the Board of Selectmen to determine whether there shall be a single tax rate or split tax rate for various classes of property for Fiscal Year 2012. Also for discussion are other options consisting of Open Space Discount, Residential Exemption and Small Commercial Exemption.

State statute provides a maximum allowable percentage of the tax levy (up to 150%) to be allocated among the commercial, industrial and personal property classes (CIP), and a minimum allowable percentage for the residential class.

For FY2012 the total taxable value for the town of Northborough increased by approximately \$50.6 million to \$2.479 billion. Our levy amount to be raised by taxation is \$38,402,738. This year we had \$81.4 million in "new growth" value which equates to \$1,229,983 in new tax dollars, up from \$975,576 in FY2011.

Should the Board of Selectmen decide to continue with a single tax rate, the FY2012 rate would increase from \$15.11 to \$15.49. The average single family tax bill would increase from \$5,971 in FY2011 to \$6,114 for FY2012, which is a \$143 increase.

The Board of Assessors has attached several split rate options in this classification packet for the Board of Selectmen's review. The chart depicts various split rate shifts, the tax rate impact, as well as the effect on the average single-family tax bill.

After extensive review of the market activity it is important to note that FY2012 assessed values were based on valid sales activity over 2 years for single family homes using July 1, 2009 to June 30, 2011 combined. This was necessary to be in compliance with the 2% minimum requirements of the Department of Revenue's total count of all single family homes. Our interim year market adjustments resulted in mostly just a depreciation factor on single family homes while condominiums decreased by approximately 4%.

Attached are charts that correlate the sales activity of single family homes in comparison to our assessed values for your review. Also attached is the chart on foreclosure activity in Northborough. The foreclosure rate continues to be less than half of one percent.

The Board of Assessors unanimously recommends that the Town of Northborough continue with a single tax rate. We believe a single tax rate would continue to help Northborough attract new business into the community while retaining those already located in the town. Expanding business within the community provides new tax dollars with little impact on costly town services.

A major factor in the Board of Assessors' recommendation is the amount of the Town's value that is derived from the Commercial, Industrial and Personal Property (CIP) classes. Of the Town's 6,295 taxable accounts, Commercial and Industrial properties represent 5.2% (330) of the taxable parcels in Northborough but account for 23.26% of the total tax revenue. This figure includes personal property taxes which many businesses pay in addition to their real estate taxes.

This data indicates that the Commercial and Industrial classes pay their fair share of taxes under a single tax rate. The Board of Assessors also recognizes the role businesses play to support many of the town's athletic, recreational and community events.

Respectfully,

Northborough Board of Assessors
Diane O'Connor, Principal Assessor
Arthur Holmes
James Dillon