Tax Classification Hearing / September 25, 2017

Select Board present – Harvey Drosehn, Richard Kardasen
Select Board remotely – Laurel Scialabba
Public & Board Members Present – Kathe Warden, Bob Graves, David Zagorski
Harvey Drosehn opened the meeting at 12noon and said Laurel Scialabba was attending remotely.
David Zagorski, Assistant Town Assessor presented the following:

FISCAL YEAR 2018 TAX CLASSIFICATION
Totals are as follows:

<table>
<thead>
<tr>
<th>Class</th>
<th>Total Value FY18</th>
<th>% By Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$242,348,721</td>
<td>81.0402</td>
</tr>
<tr>
<td>Open Space</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>$23,834,465</td>
<td>7.9698</td>
</tr>
<tr>
<td>Industrial</td>
<td>$4,829,100</td>
<td>1.6148</td>
</tr>
<tr>
<td>PersProp</td>
<td>$28,034,033</td>
<td>9.3752 (CIP 18.9595)</td>
</tr>
<tr>
<td>Total</td>
<td>$296,214,615</td>
<td></td>
</tr>
</tbody>
</table>

ALLOCATION
The town is allowed to shift the tax burden within set parameters. The commercial levy can increase by 50% as long as the residential levy is at least 65%.
The formula is based on percentages in each class. In Hinsdale, 81% of the tax burden is borne by residential property owners and 19% is carried by all other classes of property. The minimum residential factor is 88.3025% for this year. The residential factor determines the share of taxes each class of property will pay.
Using the maximum allowable residential shift, approximately 9% would be able to be shifted from residential to other all classes.
Shifting the tax burden does not increase revenue. It merely shifts the same burden to other taxpayers.
Chapter Land is considered commercial property. A shift would potentially nullify any tax savings.
It is recommended that there should be at least a 20-25% commercial base before considering a split rate.

OPEN SPACE DISCOUNT
Open Space is defined as land maintained in an open or natural condition which contributes significantly to the benefit and enjoyment of the public.
The town has no properties classified as Open Space.
RESIDENTIAL EXEMPTION
The Residential Exemption would allow up to 20% of the assessed value of residential, owner occupied properties to be exempt for tax purposes. Adopting a residential exemption increases the residential tax rate. The amount of the tax levy paid by the class remains the same, but because of the exempted valuation, it is distributed over less assessed value. This higher rate creates a shift within the class that reduces the taxes paid by homeowners with moderately valued properties. Those taxes are then paid by owners of rental properties, vacation homes and higher valued homes. As Hinsdale does not have a large number of vacation or non-owner occupied properties (182), it is not recommended to vote for a residential exemption.

SMALL COMMERCIAL EXEMPTION
The Small Commercial Exemption allows for up to 10% of the value of commercial parcels to be exempt from taxation if the business has an annual average of less than 10 employees and the value of the property is less than one million dollars. If the property has more than one business, each must meet the requirements. This exemption shifts the burden from the smaller business to the larger. The benefit is to the property owner, not necessarily the business owner. As there is no large commercial business in town (eg. big box store) it is not recommended to approve a small commercial exemption.

ASSESSOR RECOMMENDATIONS
For Fiscal Year 2018 the Board of Assessors recommends:
A Single Tax Rate for all classes of property
No Open Space Discount
No Residential Exemption
No Small Commercial Exemption
Rich asked if there was a separate assessment for view tax or lake front tax and David told him there wasn’t one.
Rich makes a motion for a Single Tax Rate for all classes of property, Laurel seconds the motion Harvey voted aye, Laurel voted aye Rich voted aye.
Rich makes a motion for No Open Space Discount, Laurel seconds the motion Harvey voted aye, Laurel voted aye Rich voted aye.
Rich makes a motion for No Residential Exemption, Laurel seconds the motion Harvey voted aye, Laurel voted aye Rich voted aye.
Rich makes a motion for No Small Commercial Exemption, Laurel seconds the motion Harvey voted aye, Laurel voted aye Rich voted aye.

Meeting Adjournment
Harvey makes a motion to adjourn the meeting at 12:28, Rich seconds the motion and Harvey voted aye, Laurel voted aye Rich voted aye.

Respectfully submitted,
Katherine Warden