



Southborough Massachusetts

Fiscal Year 2026 Tax Classification Hearing

November 4, 2025

Prepared For:

Southborough Select Board

Andrew Dennington II, Chair

Kathryn Cook, Vice-Chair

Marguerite Landry, Member

Alfred Hamilton, Member

Timothy Fling, Member

Prepared By:

Southborough Board of Assessors

Jeffrey Klein, Chair

Tammi Rice, Vice-Chair

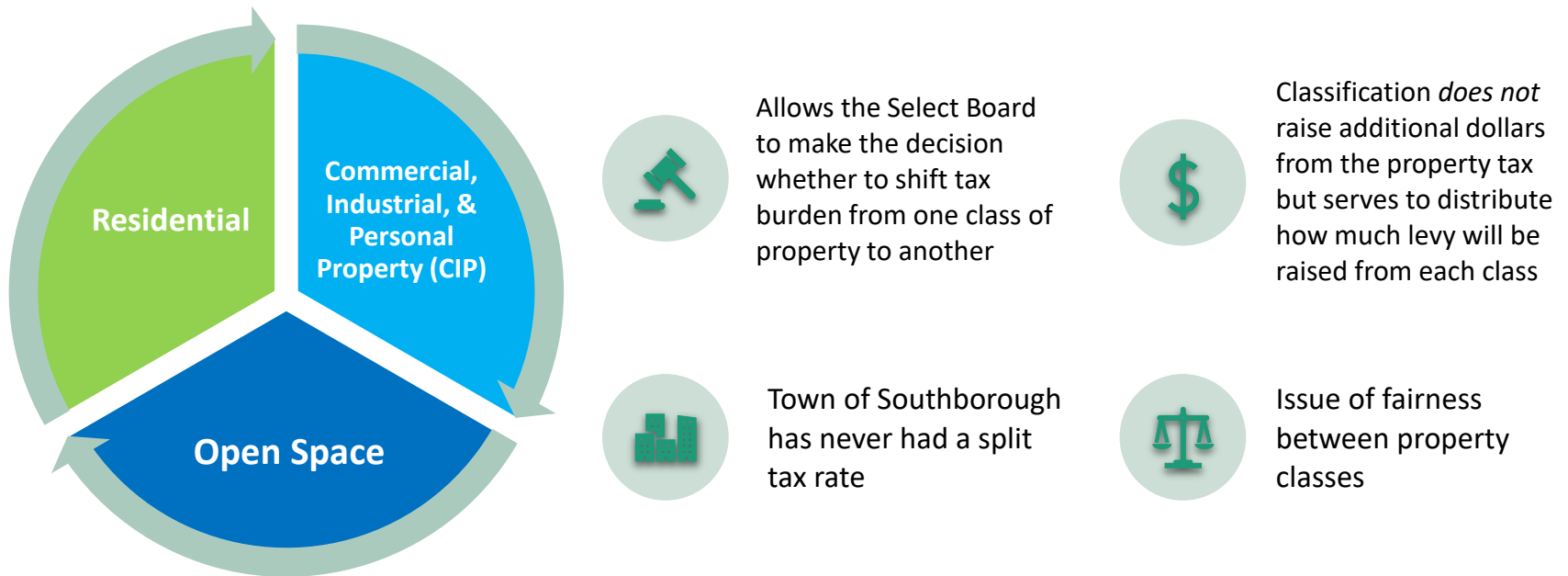
Heath Widdiss, Member

Paul Cibelli, Principal Assessor

Lori Esposito, Deputy Assessor

What is tax classification?

To adopt the Town's Tax Policy by allocating or classifying the Tax Levy among the property types



State Statute:

- Provides a maximum allowable portion of the tax levy (up to 150%) to be borne by the CIP classes
- Provides a minimum allowable portion to be borne by the residential class

What is the role of the Assessors?



The role of the Board of Assessors is to value property for the purpose of equitable taxation based on Fair Market Value using data from prior calendar year sales.

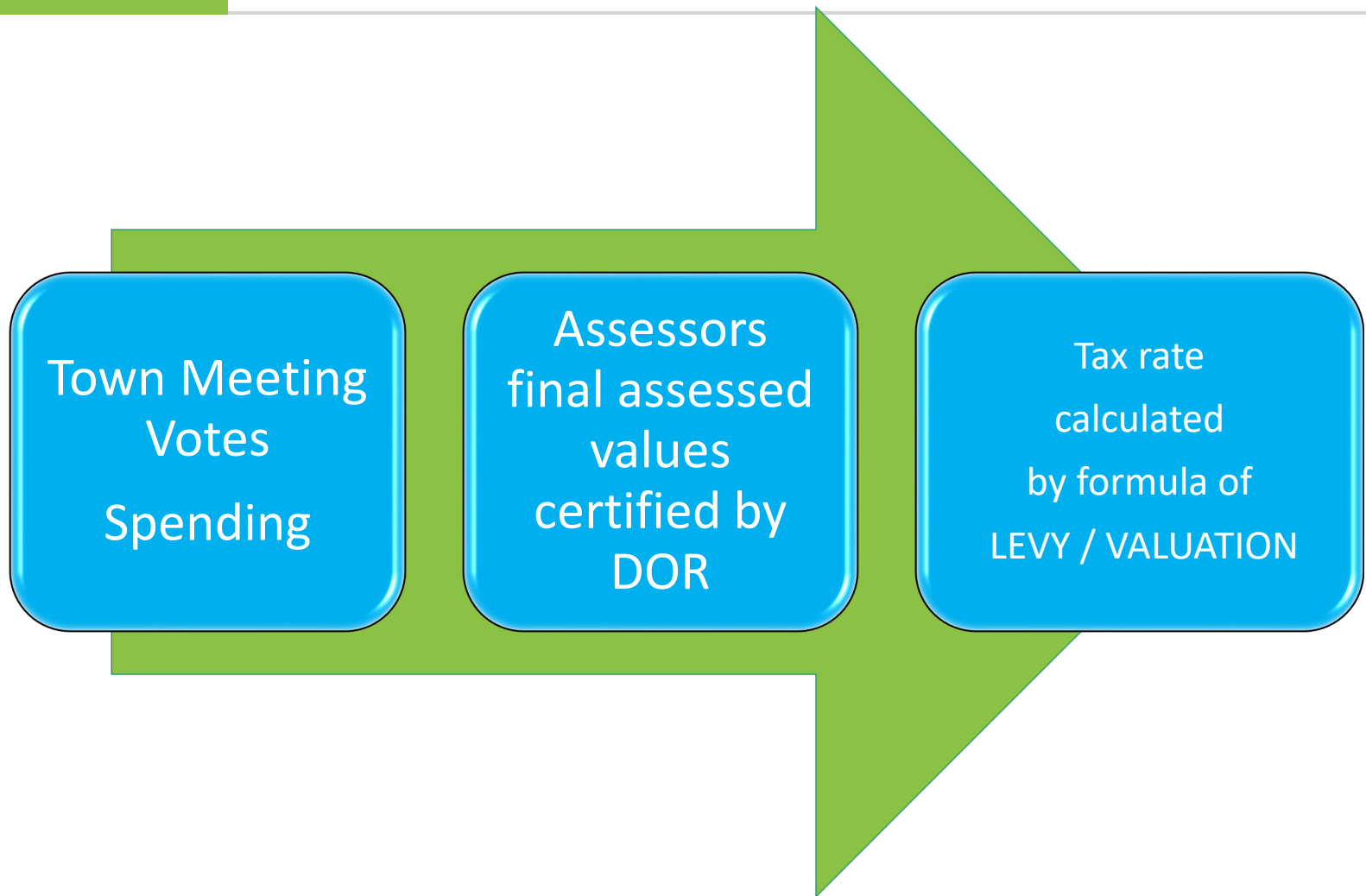


The Board of Assessors does not set the tax rate.



Residents who attend the Annual Town Meeting decide what services the Town of Southborough provides, which determines how much the town will spend. These decisions impact the tax rate.

Tax Rate



Fiscal year 2026 Assessments

FY2026 valuations are based on 2024 calendar year sales and market conditions (calendar year 2023 sales were utilized when classes of properties had limited sales.)



FY2026 assessments reflect the value of properties as of *January 1, 2025* (per Dept. of Revenue Guidelines)

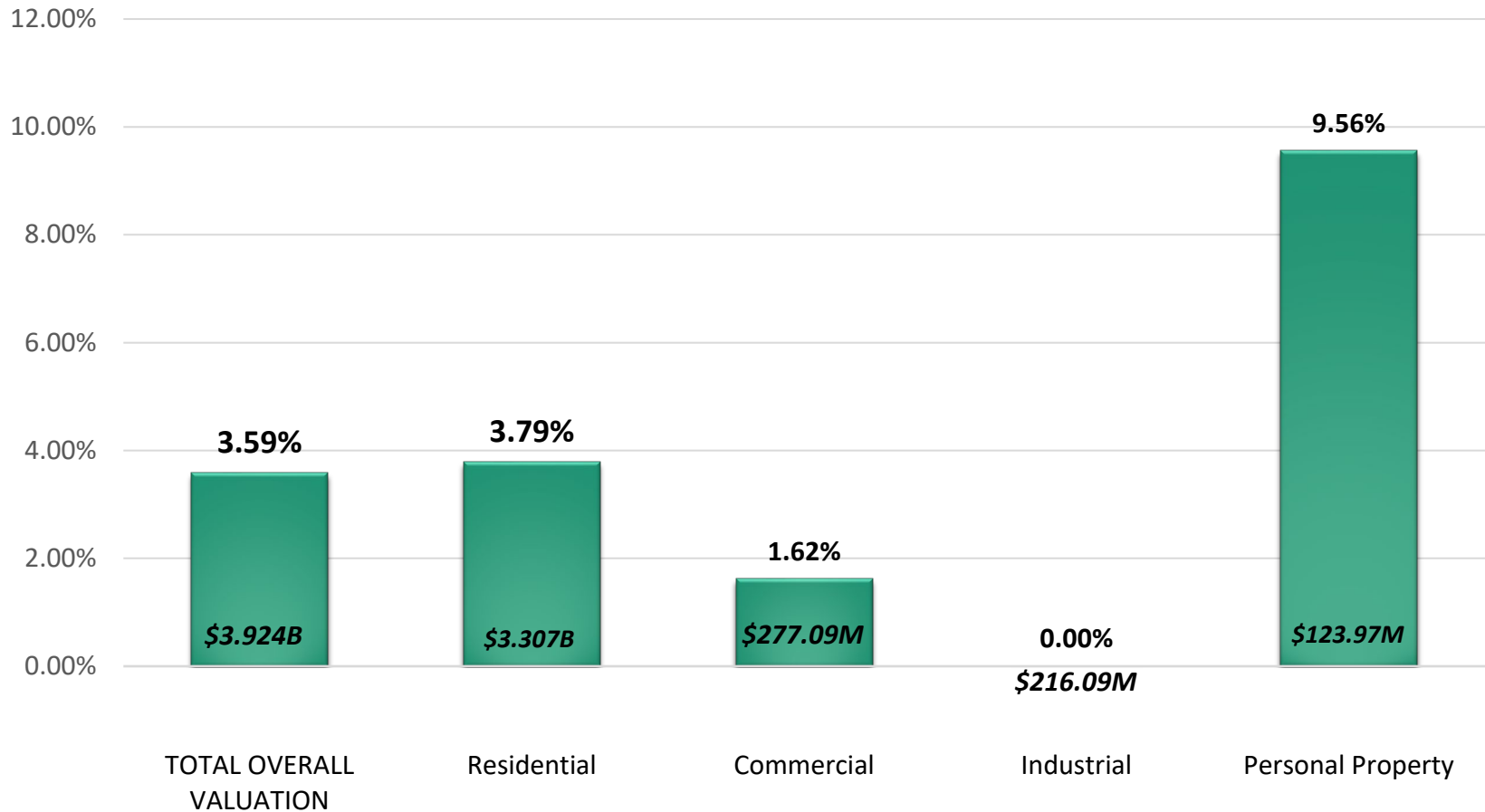


Assessment were completed in accordance with state guidelines and reviewed by the Massachusetts Department of Revenue.

What is happening to assessments?

OVERALL TOTAL TAXABLE VALUATION

FY26 \$3.924 Billion



New Growth

New Growth is the annual increase in a municipality's tax base from new construction, renovations, or other property additions, which allows the levy limit to grow beyond the standard Proposition 2 ½ increase

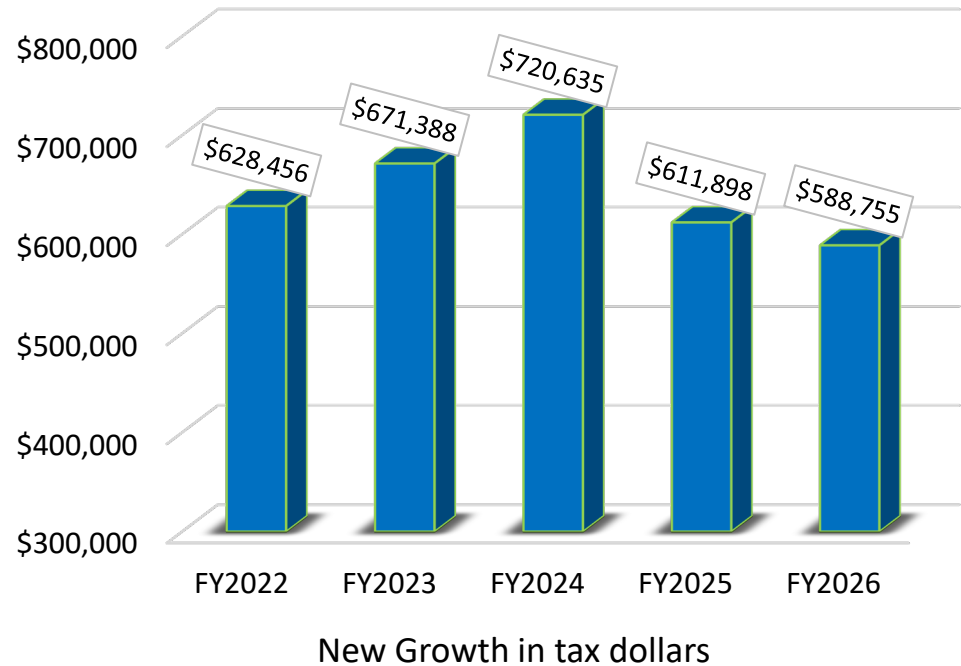
FY2026 New Growth

Value = \$42.63M

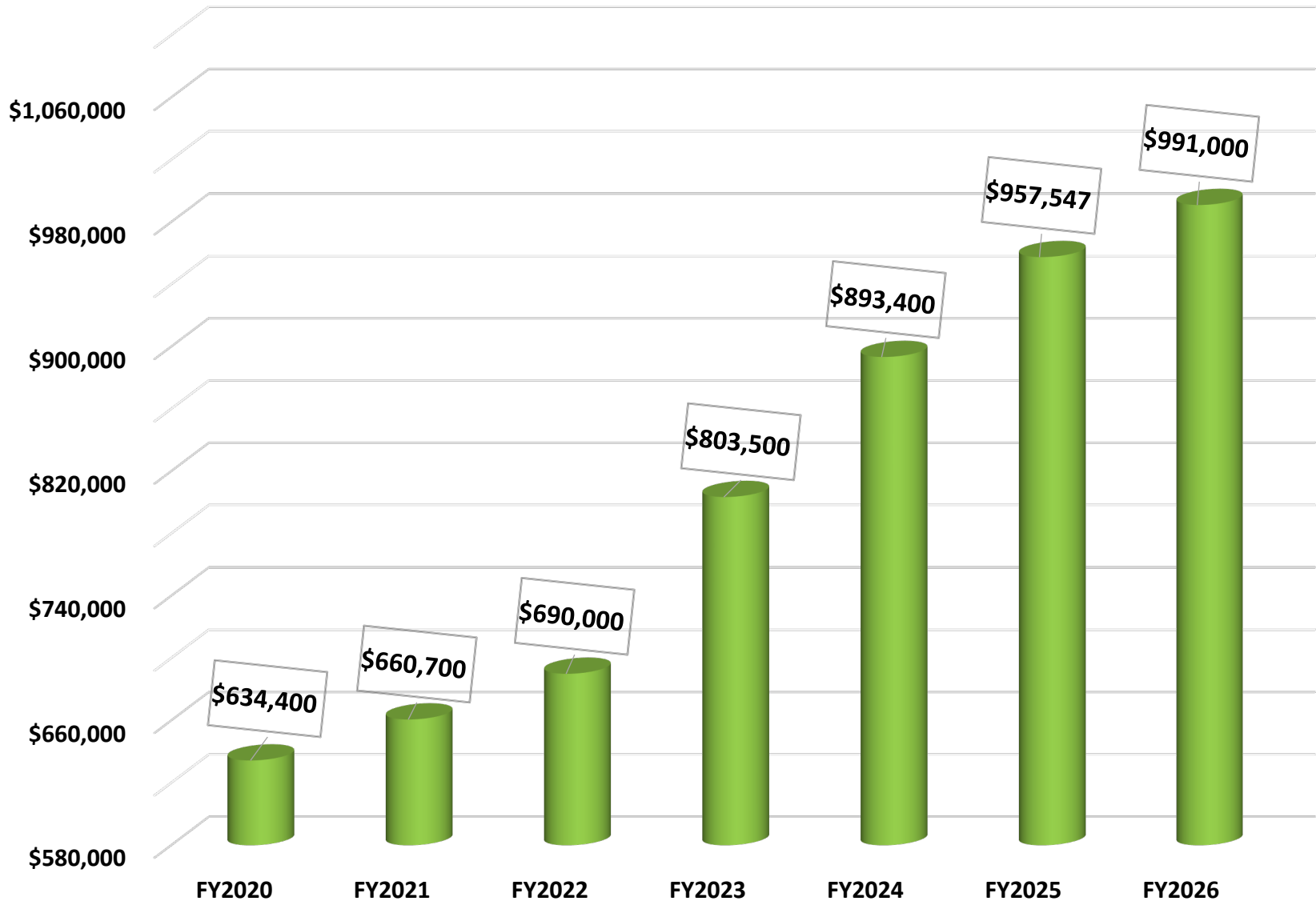
Tax Dollars = \$588,755

Change (tax dollars) **-3.78%**

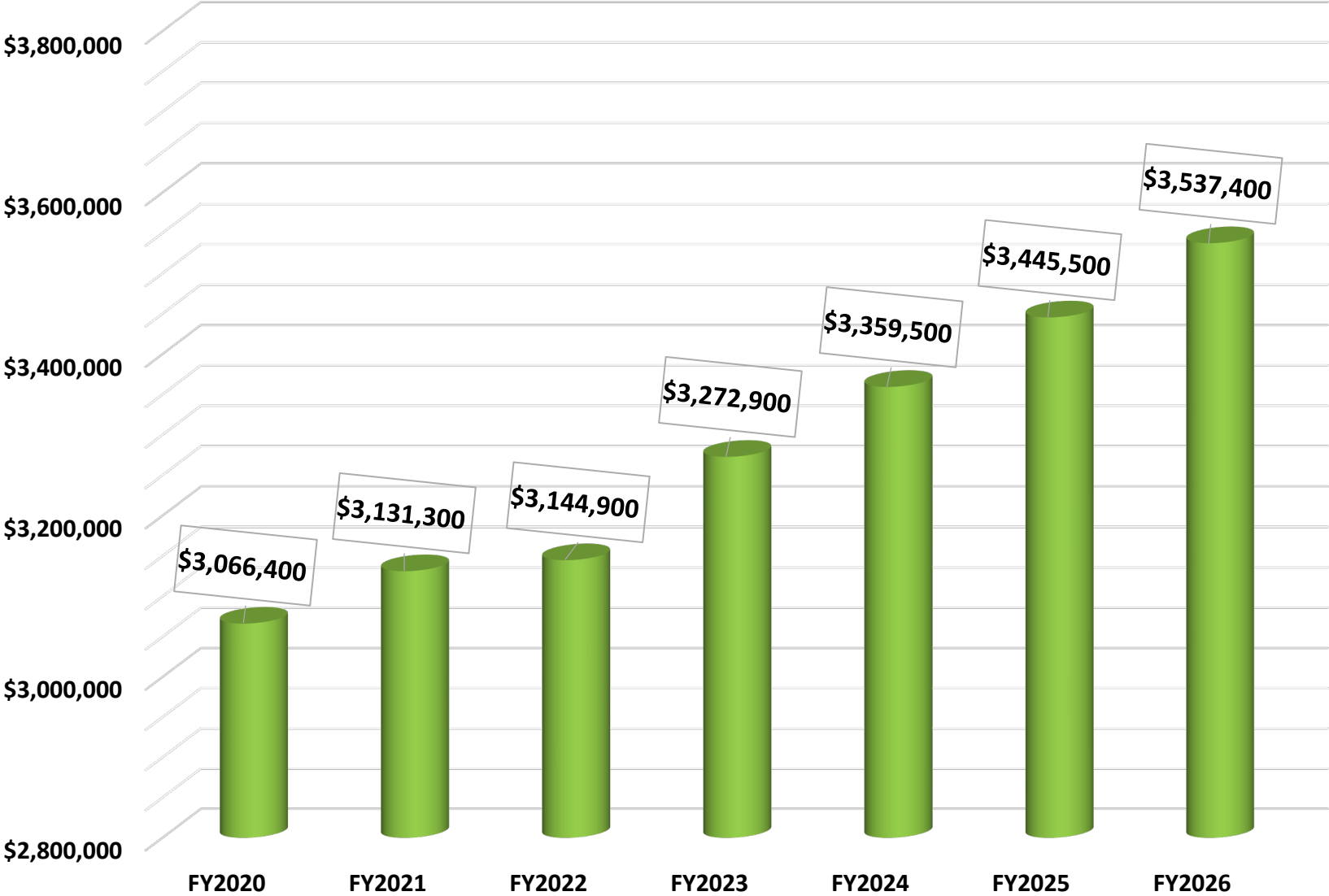
10 Year New Growth
Average = \$681,415



Average Single Family Assessed Value



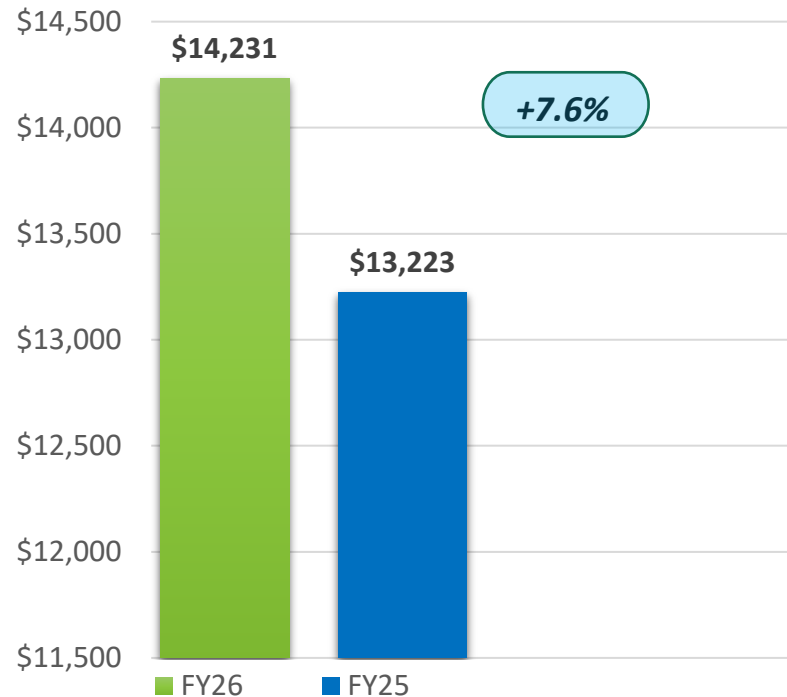
Average Commercial/Industrial/Mixed-Use Assessed Value



Single Rate Impact (Residential)

FY2026 tax rate increased from \$13.81 to \$14.36

Avg. Single Family Tax Bill*

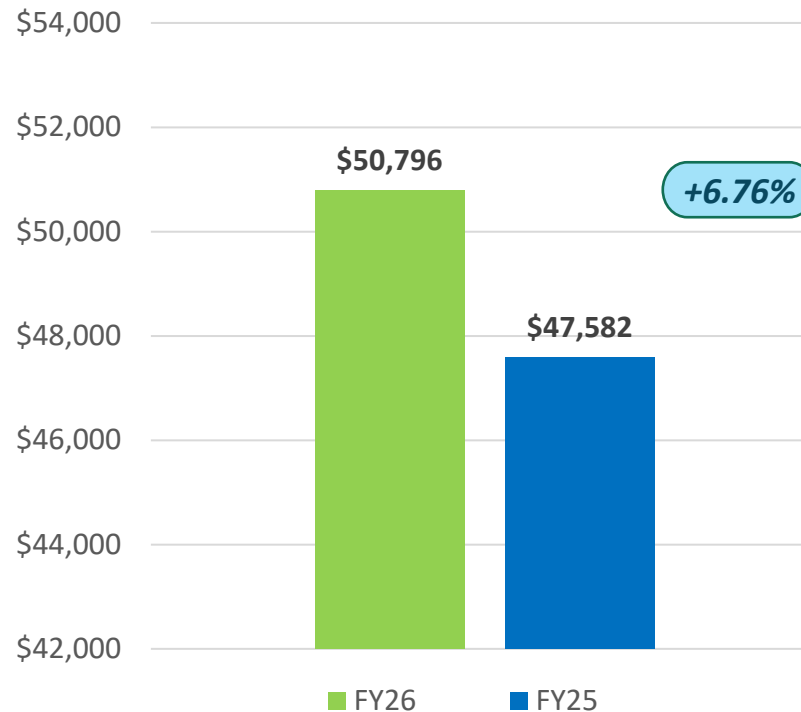


*Excludes the Community Preservation Act surcharge (*average single-family home = \$127.95*)

Single Rate Impact (Commercial/Industrial, Mixed-Use)

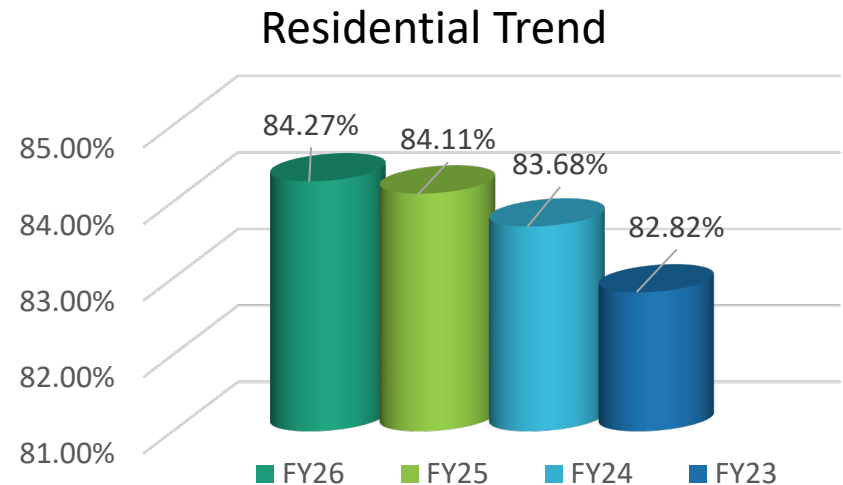
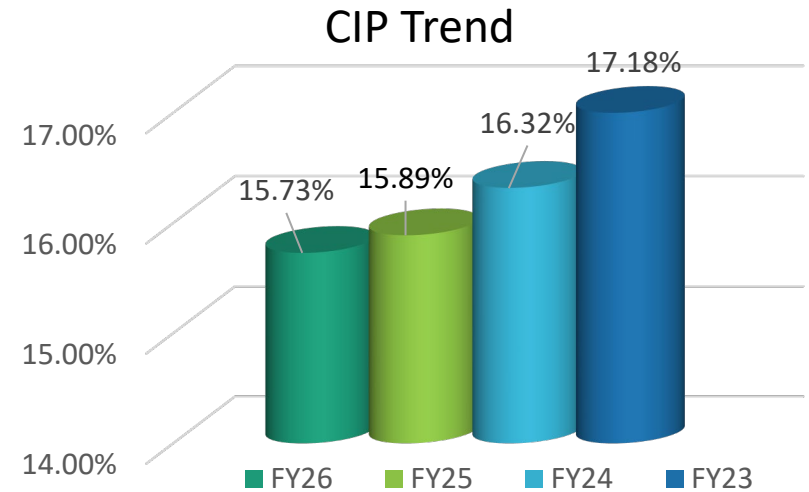
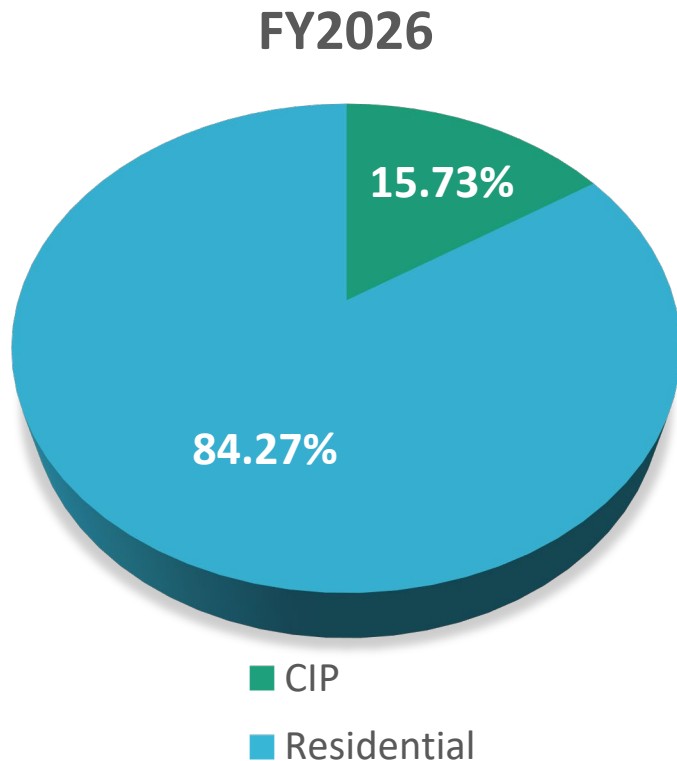
FY2026 tax rate increased from \$13.81 to \$14.36

Commercial/Industrial, Mixed-Use Avg Tax Bill*



*Excludes the Community Preservation Act surcharge (average C&I, Mixed-Use = \$507.96)

Relationship of Class Values



Split Rate vs. Single Rate Analysis

Commercial / Industrial Make-up

- No large “Box” stores
- Few national chain stores
- Primarily small businesses
- Significant office space - currently experiencing high vacancy rate

% of Commercial/ Industrial

- Represents only 15.73% of town’s value
- Large shift would be required to realize any considerable savings to residential tax bill
- Every tax dollar shifted off the median single-family home costs C&I an additional \$6.63
- Of 3800 taxable properties, only 194 (5.1%) are CIP / Mixed-use properties

Many companies pay personal property tax

- 300 accounts generate \$1.78M
- Revenue is part of tax base which offsets real estate taxes for residents

Split Rate vs. Single Rate Analysis

Economic Impact

- Single rate is a positive tool in helping to attract new businesses to Town
- From a dollars and cents perspective, C&I is the biggest “money maker” for the Town, as it has minimal impact on costly services
- Single rate allows us to stay competitive with surrounding communities

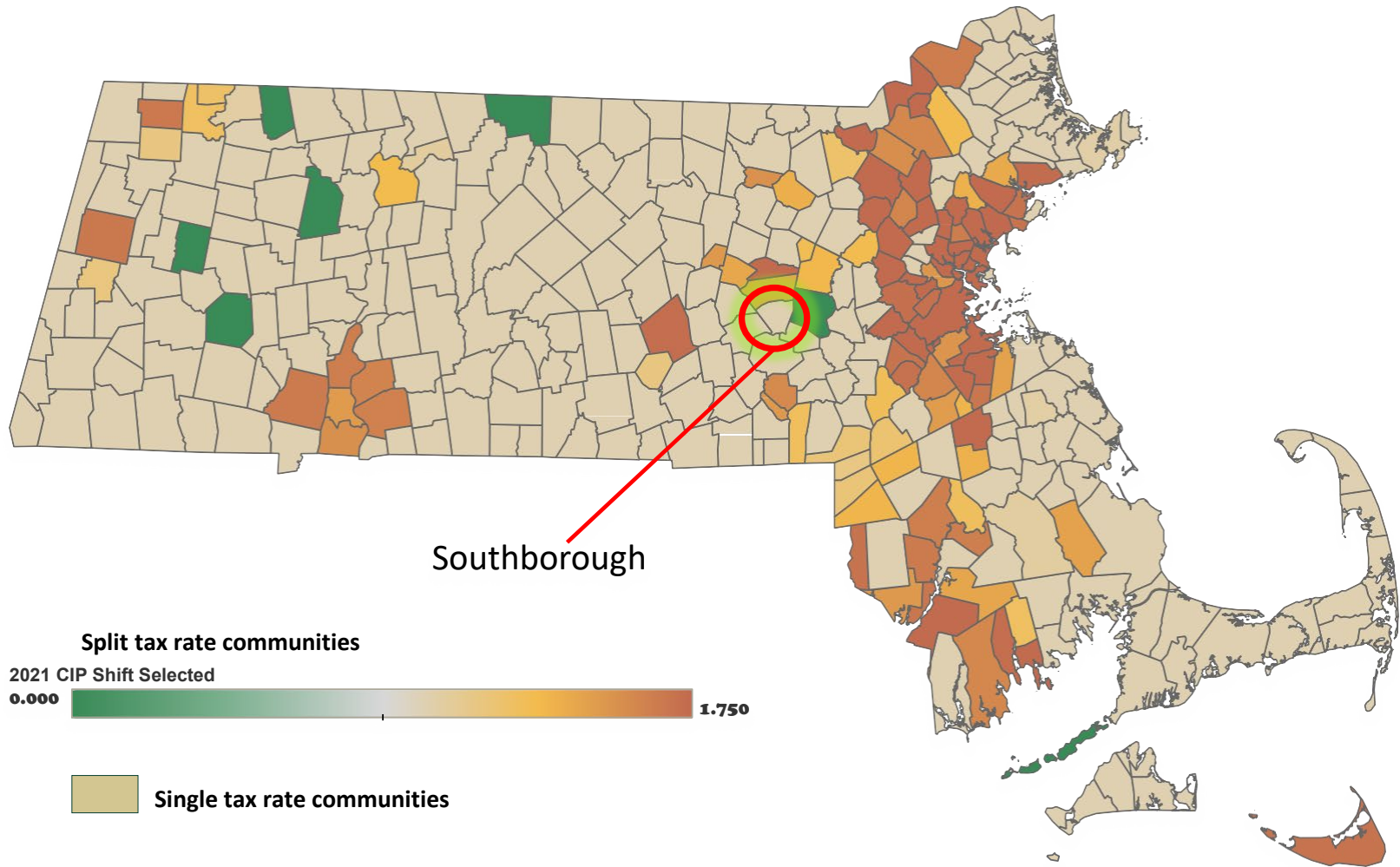
Sense of Community

- Businesses contribute funds and resources for athletics, recreation, scholarships and community events
- Small businesses provide contributions to various department “Friends” accounts
- Split rate “drives wedge” between residents and businesses

Fairness

- Residents decide town spending and level of services at Town Meeting – business entities do not get a vote
- Residents utilize vast majority of town services.
- Residents elect town officials who are the decision makers of split or single tax rate

Commercial, Industrial & Personal Property (CIP) Shift



- **238 out of 351 (67.8%) Massachusetts communities had a single tax rate in fiscal year 2025**

5% Tax Rate Shift Impact using AVERAGE Value

SINGLE TAX RATE SCENARIO

SINGLE FAMILY HOME

Average Value	\$991,000
Tax Rate (per \$1,000)	14.36
Average Tax Bill	\$14,231

C & I IMPROVED PROPERTY

Average Value	\$3,537,400
Tax Rate (per \$1,000)	14.36
Average Tax Bill	\$50,797

5% SPLIT TAX RATE SCENARIO

SINGLE FAMILY HOME

Average Value	\$991,000
Tax Rate (per \$1,000)	\$14.23
Average Tax Bill	\$14,102
Tax Decrease	\$129
Decrease	0.91%

C & I IMPROVED PROPERTY

Average Value	\$3,537,400
Tax Rate (per \$1,000)	\$15.08
Average Tax Bill	\$53,344
Tax Increase	\$2,547
Increase	5.01%

5% Tax Rate Shift Impact Using MEDIAN Value

SINGLE TAX RATE SCENARIO

SINGLE FAMILY HOME

Median Value	\$898,000
Tax Rate (per \$1,000)	14.36
Average Tax Bill	\$12,897

C & I IMPROVED PROPERTY

Median Value	\$1,076,900
Tax Rate (per \$1,000)	14.36
Average Tax Bill	\$15,464

5% SPLIT TAX RATE SCENARIO

SINGLE FAMILY HOME

Median Value	\$898,000
Tax Rate (per \$1,000)	\$14.23
Median Tax Bill	\$12,780
Tax Decrease	\$117
Decrease	0.91%

C & I IMPROVED PROPERTY

Median Value	\$1,076,900
Tax Rate (per \$1,000)	\$15.08
Median Tax Bill	\$16,240
Tax Increase	\$776
Increase	5.02%

FY2025 Tax Rates of Surrounding Communities

COMMUNITY	SPLIT-RATE	RES. RATE	COMM. RATE
Ashland	NO	\$12.77	
Berlin	YES	\$14.19	\$22.42
Bolton	NO	\$16.62	
Boylston	NO	\$13.83	
Framingham	YES	\$11.94	\$25.41
Grafton	NO	\$13.94	
Holliston	NO	\$14.65	
Hopkinton	NO	\$14.18	\$14.61
Hudson	YES	\$13.88	\$27.11
Marlborough	YES	\$9.86	\$16.96
Natick	NO	\$11.96	
Northborough	NO	\$14.25	
Shrewsbury	NO	\$12.04	
Southborough	NO	\$13.81	
Sudbury	YES	\$14.64	\$21.04
Wayland	NO	\$15.63	
Westborough	NO	\$16.29	

Southborough Proposed FY26 tax rate \$14.36

***The Board of Assessors unanimously
recommends continuing with a single tax
rate for fiscal year 2026***

Other Tax Shift Options



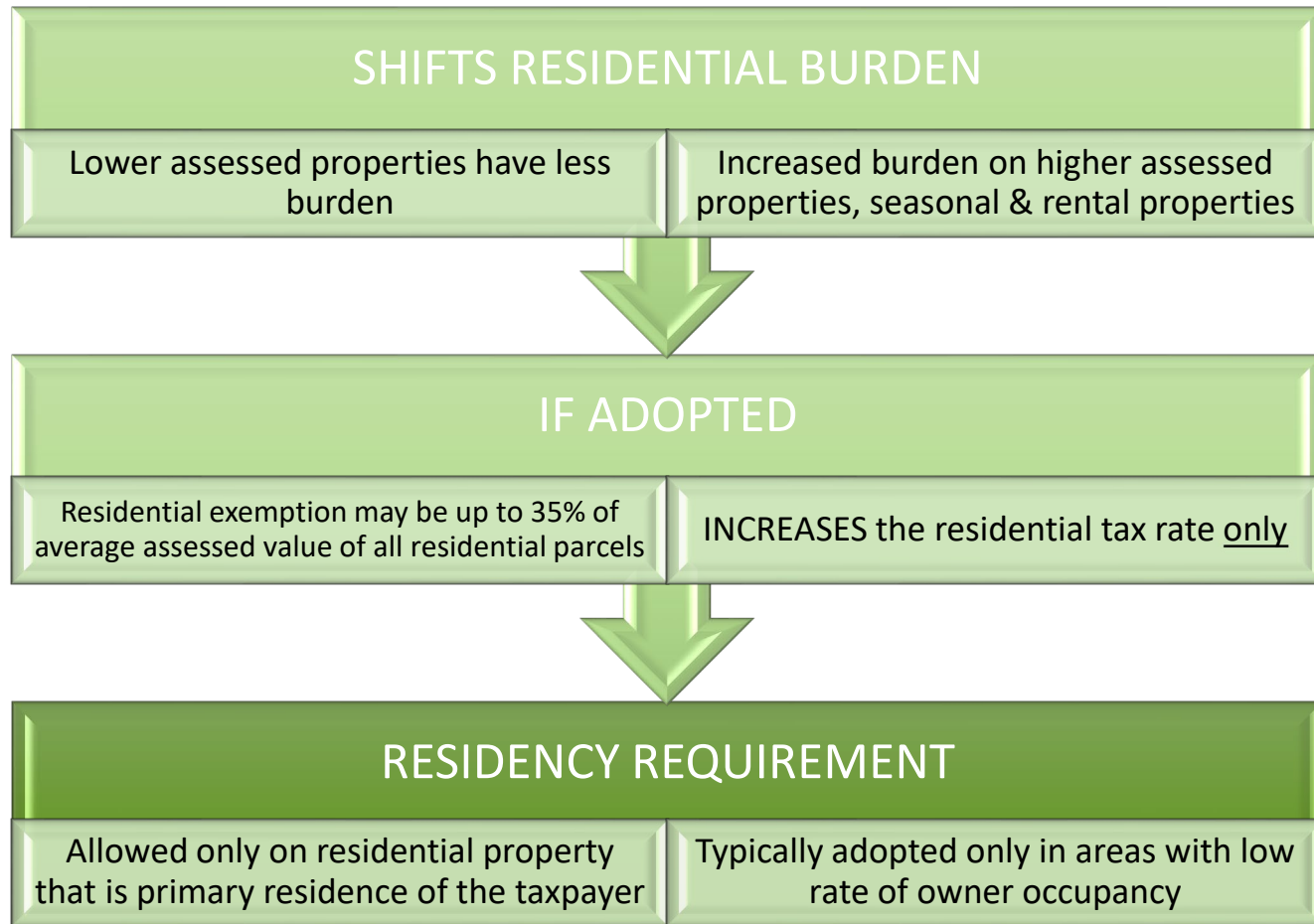
- Shifts burden from lower assessed properties to higher assessed properties, seasonal & rental properties
- Typically adopted only in areas with a low rate of owner occupancy



- Shifts burden from property owners occupied by small businesses to larger commercial and industrial taxpayers.
- Exemption for property owner would apply only if tenants are Class 3 business with ≤ 10 employees, property is $< \$1,000,000$ assessed valuation

Total amount of levy collected from any exempted class remains the same.

Residential Exemption



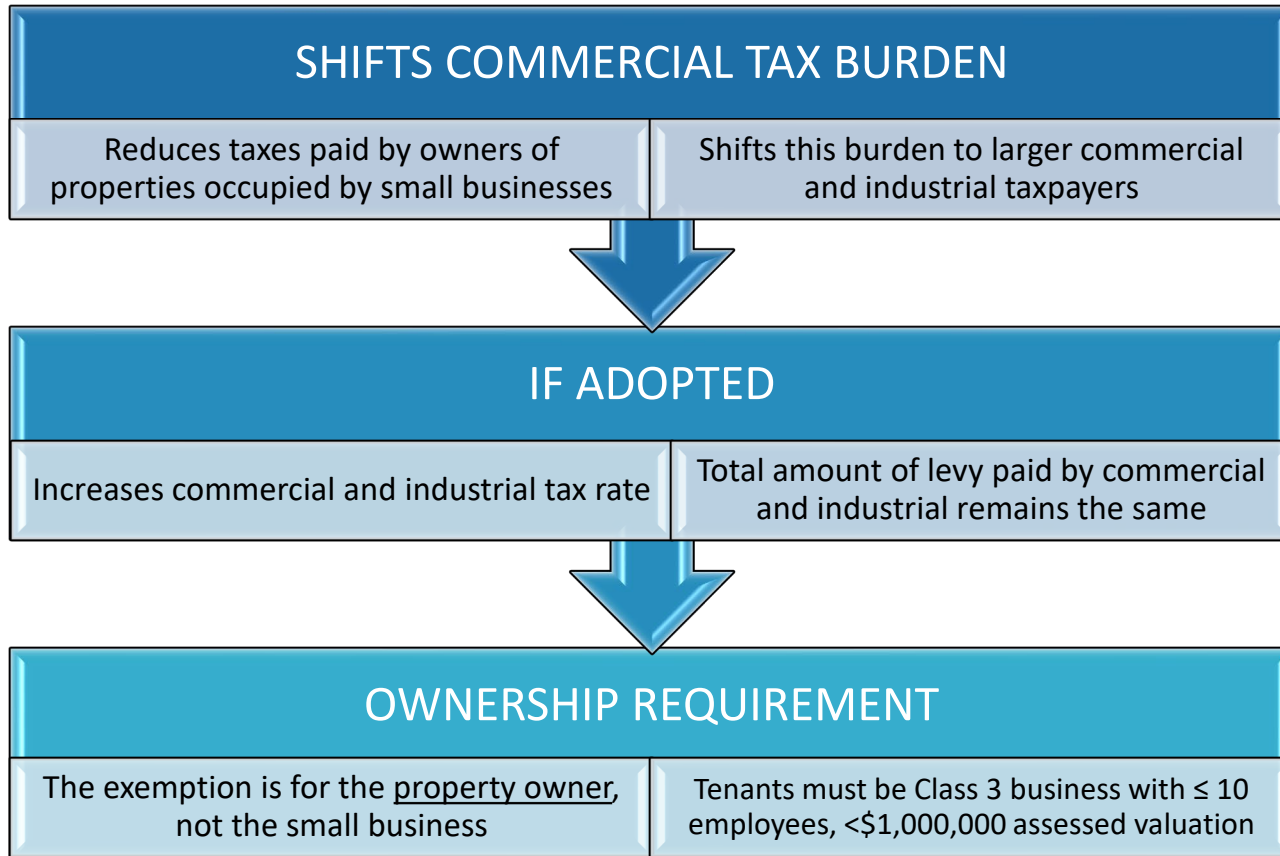
Residential Exemption*

	Without Exemption		With Exemption @ 10%				
Assessed Value	Tax Rate	Tax Bill	Exemption Amount	Net Taxable Value	Tax Rate	Tax Bill	Difference
\$800,000	\$14.36	\$11,488	\$91,717	\$708,283	\$15.75	\$11,155	(\$333)
\$991,000		\$14,231		\$899,283		\$14,164	(\$67)
\$1,200,000		\$17,232		\$1,108,283		\$17,455	\$223

Any owner-occupied home assessed over \$1,039,236 would pay **more** while those below would pay **less**.

* Previously 20 of 351 communities adopted a residential exemption in FY25

*Small Commercial Exemption (SCE)**



*14 of 351 communities adopted a SCE in FY25

***The Board of Assessors unanimously
recommends not adopting
Residential and Small Commercial
Exemptions as they are not relevant to this
community***

 **Selectmen Discussion**

 **Public Comment**

 **Select Board Votes:**

- **Single/Split Tax Rate**
- **Residential Exemption**
- **Small Commercial Exemption**