

Classification Hearing Background & Prior Actions

Historically, during prior Classification Hearings, the Belmont Board of Selectmen has made two motions. The first is the Levy Allocation, or the minimum residential factor, and the second is the Residential Exemption. Both are summarized below with prior motions noted on the second page.

Levy Allocation (Tax Rate)

The Selectmen must decide the percentages of the tax levy that each class of real property and personal property will bear. To do so, a residential factor is adopted. The residential factor governs the percentage of the tax levy to be paid by Class One, Residential, and Class Two, Open Space (RO) properties. The difference is shifted to Class Three, Commercial, and Class Four, Industrial and Personal, properties (CIP).

Single Tax Rate - A residential factor of "1" results in the taxation of all property at the same rate. Each property class pays its full and fair cash valuation share of the tax levy, e.g., if the value of all residential properties makes up 95 percent of the total assessed valuation; residential taxpayers will pay 95 percent of the tax levy.

Split Tax Rate - A residential factor of less than "1" reduces the share of the tax levy paid by the RO classes and increases the share paid by the CIP classes. The result is two tax rates: one for RO properties and a second, higher rate, for CIP properties. A factor greater than "1" may be adopted, which would have the opposite effect.

The Board of Selectmen have adopted to maintain a single tax rate, with a residential minimum factor of 1, as the commercial base of Belmont is approximately 5% of the total tax base.

Residential Exemption

The selectmen may grant a residential exemption to all Class One, Residential, properties that are the principal residence of the taxpayer on January 1, 2021.

The exemption may not exceed 30 percent of the average assessed value of all Class One, Residential, properties. To calculate the exemption, the assessors first determine the average assessed value of all residential parcels (see attached). The adopted percentage is applied to this amount. The assessed valuation of each residential parcel that is the domicile of the taxpayer is then reduced by that amount.

Tax Rate Impact

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.

Historically the Board of Selectmen has not adopted the Residential Exemption.

Motions Summary for the purpose of Classification

The two motions listed below were made in prior years classification hearings.

Motion one for maintaining a single rate tax rate.

“The Board of Selectmen have adopted to maintain a single tax rate, with a residential minimum factor of 1, as the commercial base of Belmont is approximately 5% of the total tax base.”

Motion two for not adopting the residential exemption

“The Board of Selectmen will not adopt a residential exemption for Fiscal Year 2022.”

Upon completion of the motions and discussions, the Board of Assessors asks that you sign an Options & Certifications Form (DOR LA-5) that will record your votes with the Department of Revenue for final certification purposes. We will bring the form to the meeting.