

**PRESIDENT**  
Elizabeth J. Kazinskas

**COUNCILLORS AT LARGE**  
James S. Boone  
Craig R. Cormier  
Ronald F. Cormier  
Elizabeth J. Kazinskas  
Judy A. Mack  
George C. Tyros

**WARD 1 COUNCILLOR**  
James M. Walsh, Esq.

**WARD 2 COUNCILLOR**  
Dana M. Heath

**WARD 3 COUNCILLOR**  
Nathan R. Boudreau

**WARD 4 COUNCILLOR**  
Karen G. Hardern

**WARD 5 COUNCILLOR**  
Alek Dernalowicz, Esq.

**CITY OF GARDNER**  
**MASSACHUSETTS 01440-2630**

OFFICE OF THE  
CITY COUNCIL



CITY OF GARDNER  
NOTICE OF PUBLIC HEARING  
PROPERTY TAX CLASSIFICATION

Pursuant to the provisions of M.G.L. c. 40, § 56, the Gardner City Council will conduct a Public Hearing on **Monday, December 5, 2022 at 7:00 p.m.** in the City Council Chamber, Room 219, City Hall, concerning the percentages of the local tax levy to be borne by each class of Real Estate and Personal Property within the City for the Fiscal Year 2023. Persons interested in this matter who desire to offer testimony are invited to attend or may submit their testimony in writing.

*Titi Siriphan*  
TITI SIRIPHAN  
CITY CLERK



City of Gardner - *Executive Department*

Mayor Michael J. Nicholson

---

November 16, 2022

Hon. Elizabeth J. Kazinskas, Council President  
And City Councilors  
Gardner City Hall, Rm 121  
95 Pleasant St  
Gardner, MA 01440

RE: Request for a Tax Classification Hearing

Dear Madam President and Councilors,

As you are aware, the General Laws of the Commonwealth require that the City Council annually vote to set the tax classification for the City prior to December 31<sup>st</sup> of each calendar year.

The Board of Assessors voted to recommend that the City Council vote to adopt a residential factor of one (1) for the 2023 Fiscal Year.

The City has made large strides in our economic development goals in recent years and we are starting to see a very strong return on our investments in these endeavors. The Administration supports the recommendation of the Board of Assessors by continuing with a single tax rate rather than a split tax rate with more of the burden shifted to commercial and industrial properties in the City.

Furthermore, as you are also aware, in July of this year, the Administration sent out a notification to the taxpayers of the City regarding the anomaly we saw this year in tax billing procedures due to the requirements of the General Laws and shifts in market trends causing a substantial increase in valuations. (copy attached)

Following the required procedures for certifications of new growth, tax recapulation, value certifications, and certifications of sales, the tax rate for the current fiscal year is set to be certified at a rate of \$16.16 per thousand dollar valuation. This represents a \$2.43 reduction per thousand dollars, and is the lowest the tax rate has been since 2011.

I respectfully request that the City Council schedule the statutorily required hearing regarding the City's Tax Classification for a single or split tax rate for the 2023 Fiscal year.

Respectfully Submitted,

Michael J. Nicholson  
Mayor, City of Gardner

**CITY OF GARDNER***Office of the Board of Assessors*

95 Pleasant Street  
Room 223  
Gardner, MA 01440



Tel: 978-630-4004  
Fax: 978-630-4080  
Email: ckumar@gardner-ma.gov

November 10, 2022

Mayor Nicholson  
95 Pleasant Street  
Gardner, MA 01440

Re: Residential Factor Recommendation

Mayor Nicholson:

The Board of Assessors met on November 1, 2022 to discuss and vote on a recommendation to the City Council for the Residential Factor.

We feel that with the revitalization and work going into attract businesses to the downtown area (and beyond), it would not be beneficial to shift the tax burden to Commercial and Industrial. Therefore, the Board of Assessors voted unanimously (3-0) to recommend a Residential Factor of "1" to City Council. This would result in a single tax rate.

Respectfully,

*Christine Kumar*

Christine Kumar, MAA  
City Assessor

## Gardner Average Single Family Home Tax Bill History

Fiscal Year	Single Family Assessed Value	Single Family Parcels	Single Family Average Value	Residential Tax Rate	Average Single Family Tax Bill
<b>2013</b>	670,651,600	3909	171,566	17.46	\$2,995.54
<b>2014</b>	633,628,900	3913	161,929	18.87	\$3,055.60
<b>2015</b>	627,774,800	3945	159,132	19.98	\$3,179.45
<b>2016</b>	650,308,100	3962	164,136	20.47	\$3,359.87
<b>2017</b>	689,881,300	3977	173,468	20.48	\$3,552.62
<b>2018</b>	713,318,700	3985	179,001	20.27	\$3,628.35
<b>2019</b>	773,887,200	4001	193,423	20.14	\$3,895.55
<b>2020</b>	824,554,400	4005	205,881	19.74	\$4,064.10
<b>2021</b>	853,053,400	4020	212,202	20.04	\$4,252.53
<b>2022</b>	959,390,400	4032	237,944	18.59	\$4,423.38
<b>2023</b>	1,156,307,700	4034	286,640	<b>16.16</b>	\$4,632.11

*FY23 Tax Rate is an ESTIMATE*

## FY22 Average Single Family Home Values (N. Worcester County)

Municipality	Single Family Value	Tax Rate	Single Family Tax Bill	Rank *
Lunenburg	374,392	17.19	\$6,436	134
Ashburnham	292,769	18.88	\$5,527	185
Leominster	332,342	16.56	\$5,504	187
Westminster	341,704	15.80	\$5,399	193
Fitchburg	252,369	17.61	\$4,444	260
<b>Gardner</b>	<b>237,944</b>	<b>18.59</b>	<b>\$4,423</b>	<b>263</b>
Hubbardston	315,258	14.00	\$4,414	266
Phillipston	264,656	15.58	\$4,123	289
Templeton	265,809	15.24	\$4,051	297
Winchendon	242,405	15.11	\$3,663	321
Athol	206,771	16.05	\$3,319	333

\* Rank of average tax bill in 351 municipalities

**FY2023 - TOP 10 TAXPAYERS**

<b>Rank</b>	<b>Name</b>	<b>Assessed Value</b>	<b>Type</b>
1	Mass Electric	21,191,877	Utility
2	Fitchburg Gas (Unitil)	19,745,356	Utility
3	Olde English Village Preservation	11,220,900	Apartments
4	Mountain Climber LLC	10,902,800	Apartments
5	Wakefield Place Assoc Ltd Ptn	10,775,100	Apartments
6	Cedar Timpany LLC	10,693,900	Shopping
7	Terra Therm Inc	10,221,280	Industrial
8	New England Power	9,573,369	Utility
9	Binnall House RHF Partners	8,613,700	Apartments
10	Exchangeright Net-Leased Portfolio 54	7,036,600	Supermarket

**Gardner Historic Assessments & Percentages of Value**

FY	TOTAL	Residential	Commercial	Industrial	Personal Prop	Res % of Total	CIP % of Total	Tax Rate
2013	1,181,385,479	969,707,075	111,731,325	61,621,600	38,325,479	82.08	17.92	17.46
2014	1,136,149,615	920,245,074	110,967,326	62,394,500	42,542,715	81.00	19.00	18.87
2015	1,131,686,711	896,784,169	111,029,231	62,898,800	60,974,511	79.24	20.76	19.98
2016	1,139,021,076	904,538,011	116,765,889	58,565,500	59,151,676	79.41	20.59	20.47
2017	1,197,247,612	949,314,346	120,068,054	60,033,000	67,832,212	79.29	20.71	20.48
2018	1,245,880,527	984,275,930	126,760,670	63,989,080	70,854,847	79.00	21.00	20.27
2019	1,337,397,809	1,069,105,409	124,307,491	63,340,650	80,644,259	79.94	20.06	20.14
2020	1,412,573,860	1,137,043,228	126,423,872	66,730,100	82,376,660	80.49	19.51	19.74
2021	1,456,237,096	1,175,288,183	130,856,217	63,236,000	86,856,696	80.71	19.29	20.04
2022	1,616,370,964	1,318,229,099	130,973,801	63,946,660	103,221,404	81.55	18.45	18.59
2023	1,954,354,540	1,621,892,966	150,541,334	75,159,200	106,761,040	82.99	17.01	<b>16.16 *</b>

*\* FY23 ESTIMATED Tax Rate*

FY2023	Parcel Count	Percent of Total	FY23 Parcel Count - Including Exempt	
<b>Residential</b>				
Single Family	4034		6101	Residential
Condos	545		23	Chapterland
2 & 3 Family	806		60	Mixed Use
4+ Family	179		293	Commercial
Manufactured Home Parks	81		140	Industrial
Mixed Residential	23		6617	Total Taxable RE Parcels
Residential Vacant Land	456			
<b>TOTAL:</b>	<b>6124</b>	<b>92.55%</b>	<b>507</b>	Exempt Parcels
<b>Commercial</b>				
Chapterland	23		7124	TOTAL Parcels
Mixed Commercial	36			
Commercial	293			
<b>TOTAL:</b>	<b>352</b>	<b>5.32%</b>		
<b>Industrial</b>				
Mixed Industrial	1			
Industrial	140			
<b>TOTAL:</b>	<b>141</b>	<b>2.13%</b>		
<b>TOTAL PARCELS:</b>	<b>6617</b>			

**FY2023**

CIP SHIFT RATIO	RESIDENTIAL FACTOR	RES%	CIP%	RES TAX* RATE	CIP TAX RATE	
1	100%	82.9887%	17.0113%	<b>16.16</b>	<b>16.16</b>	100%
1.25	94.88%	78.7359%	21.2641%	14.81	19.51	100%
1.5	89.75%	74.4830%	25.5170%	14.01	23.42	100%

*\* ESTIMATED FY23 Tax Rate*

CLASS (A)	TOTAL VALUE (B)	% Share (C)		
Residential	1,621,892,966	82.9887%		
Commercial	150,541,334	7.7029%		
Industrial	75,159,200	3.8457%	CIP %	17.0113%
Personal Property	106,761,040	5.4627%		
	1,954,354,540	100.0000%		

**Maximum Share of Levy for Classes Three, Four and Personal Property:**

150% \* 17.0113% (Lines 3C + 4C + 5C) = 25.5170% (Max % Share)

**Minimum Share of Levy for Class One:**

100% - 25.5170% (Max % Share) = 74.483% (Min % Share)

**Minimum Residential Factor (MRF):**

74.486% (Min % Share) / 82.9887% (Lines 1C) = 89.7544% (MRF)

MINIMUM RESIDENTIAL FACTOR LA7: **89.7544%**

Chapter 58, Section 1A mandates a minimum residential factor of not less than 65 percent.





# Notice Regarding Preliminary Tax Bills

## Summary:

Fiscal Year 2023 Preliminary Tax Bills (July and October) are likely to seem higher than usual due to property values in Gardner increasing approximately 19% but the City's new tax rate adjusting for these increased valuations cannot be set until December 2022. The Fiscal Year 2023 Actual Tax Bills (January and April) are predicted to be lower than the first two quarters to account for the difference. **This is an issue that all cities and towns in Massachusetts that do quarterly billing are facing, as state law requires valuations to be done on a fiscal year basis and requires tax rates to be changed on a calendar year basis.**

## Introduction:

The City's new fiscal year began on July 1, 2022 and runs through June 30, 2023. The City of Gardner bills real estate taxes on a quarterly basis, with bills being issued in July, October, January, and April. However, while there are quarterly bills, the bills are mailed twice a year with the July and October bills mailed out at the same time in July and January and April bills both being mailed in January. The bills for July and October are known as preliminary tax bills. The bills for January and April are known as actual tax bills.

According to Massachusetts General Law and the restrictions of Proposition 2 ½, the City cannot raise taxes more than 2 ½% each year. For the current fiscal year, the total amount of property taxes that Gardner can collect is \$31,271,792.

## What is the difference between a Preliminary Tax Bill and an Actual Tax Bill?

Massachusetts Law does not allow the City to set its tax rate until the November/December of each year. This is because the City Assessor's Office and the Massachusetts Department of Revenue have to certify that the previous fiscal year ended correctly and any "New Growth" (new construction that did not exist when the existing tax rate was set last December) can be accounted for in the City's property records.

As such, the first two bills of the fiscal year are known as "Preliminary Tax Bills," since they are due before the new tax rate is set and are based off of the tax rate of the previous fiscal year. The January and April tax bills are known as "Actual Tax Bills," since they are based off of the new tax rate set by the City Council.

## What is the tax rate based off of?

As stated above, the City legally cannot collect more than \$31,271,792 from real estate taxes in the 2023 fiscal year. This number is then divided among the property owners depending how much their property's assessed value is. Per state law, values are based on how the real estate market was performing two years prior.

Since the City is limited in how much it can collect in taxes, as valuations increase, the tax rate decreases, since again, the City cannot go over its legal limit.

In December of 2021, the City Council voted to set the current tax rate at \$18.59 per every thousand dollars that a property is valued at. This was based on property values associated with real estate market trends in 2020. In

More on next page ->

December 2022, it is expected that the City Council will vote on this year's new tax rate based on how the real estate market was performing in 2021.

**What was the difference in real estate values in Gardner in FY2022 versus FY2023?**

Real Estate Valuations and Municipal Taxation procedures are heavily regulated by state law and regulations and restrictions issued by the Massachusetts Department of Revenue. Property values issued by the City Assessor's Office must be certified by the Massachusetts Department of Revenue every year through a process known as the LA-4 Process.

Every five (5) years, the City is also required to contract with inspectors known as "Data Collectors" who are required by state law to inspect properties in Gardner to ensure that the City's property record cards are accurate and up to date. This is currently ongoing in the City as required by state law.

Based on this process, in 2021, the average single-family home in the City of Gardner was valued at \$237,944. This was based on trends in the real estate market from 2020.

Based on this process for 2022, the average single-family home in the City of Gardner is now valued at \$283,445. This is based on trends in the real estate market in 2021. These values are still in the process of being certified and are subject to change.

This represents approximately a 19% increase in valuation.

**How does this impact my tax bill?**

Since 1) property taxes are based on valuations and 2) the tax rate that gets set by the City Council and approved by the State Department of Revenue, you may see a larger than usual increase in your preliminary tax bills sent in July and October of 2022.

This is because the City is required to issue tax bills on the new higher valuations for these two bill cycles, while at the same time, the City is required to use the tax rate set in December 2022 for these bills as well. As such, we have a situation where we are seeing higher values using a tax rate that was approved when values were substantially lower. Therefore, your preliminary tax bill will likely seem to have a larger increase than usual.

However, again, the City can only collect up to its limit in taxes, so mathematically as valuations increase, the tax rate has to decrease. It is predicted that the new tax rate set by the City and the State in December 2022 – the rate that will be used for the FY2023 actual tax bills in January and April will be much lower.

**For Example:**

If a property in the City pays \$12,000 a year in taxes, one could assume that because tax bills are issued on a quarterly basis, that the house would pay \$3,000 a quarter in taxes as that is the total they pay for the year divided by four. However, when you look at the way this year's tax rate systems are working, it could likely mean that the property would pay \$4,000 for quarter 1 (July Bill) and \$4,000 for quarter two (October Bill), with only \$2,000 for quarter three (January Bill) and \$2,000 for quarter four (April Bill). The first two quarters are higher due to last year's tax rate, the second two quarters are lower because the tax rate was adjusted in December to meet the valuation trends. However, the amount collected is still capped at the same amount.