

OFFICE OF THE  
EXECUTIVE ASSISTANT



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## Town of Hudson MASSACHUSETTS 01749-2193

To: Select Board

From: Thomas Gregory

Date: April 1, 2025

Re: Revised FY2026 New Growth Estimate

On Tuesday, March 25<sup>th</sup>, I learned that NSTAR (Gas) had recently completed approximately \$65M worth of improvements to their transmission equipment (personal property) located in Hudson. RRC, the vendor the Town has used for many years to appraise personal property in Hudson, verified the estimated value of this project as submitted by NSTAR and then filed the information with Town. The new growth tax revenue associated with the value of this project is approximately \$1.7M.

When I filed my FY2026 operating budget with the Select Board and Finance Committee on January 13, 2025, I relied on an estimated new growth figure of \$625,000. I was not aware in January that a large utility project was nearing completion which would have a significant impact on next year's new growth figure. And, based on conversations I have had with Town staff, new growth associated with utility projects does not typically get picked up by the municipality until these projects are fully completed and energized.

What does this mean for the FY2026 operating budget? As you know, new growth, which is to say new tax revenue due to the value of new construction and improvements to any of the classes of property (residential, commercial, industrial, and personal property), is allowed to be included in the setting of the ensuing year's levy limit. Each year during the budget cycle, I estimate a new growth number to be used in the calculation for the next year's levy limit, and I build an operating budget relying on this levy limit. I use a conservative new growth estimate with the understanding that the final new growth figure, certified by the Department of Revenue (DOR) in December will likely be a little bit higher. Taking into consideration the new personal property growth of \$1.7M due to the NSTAR improvements, I now have a revised new growth figure of \$2.2M, which produces an additional \$1,575,000 in FY2026 levy capacity, funds that may be appropriated in next year's operating budget.

The chart below shows the actual levy calculation for FY2025, the levy calculation contemplated in my January 13, 2025 budget filing, and a revised FY2026 calculation which includes the higher new growth figure highlighted in yellow:

<b><u>LEVY CALCULATION</u></b>	Actual	1/13/2025	3/25/2025
	<u>FY2025</u>	<u>Estimate for Budget</u>	<u>Revised Estimate</u>
PRIOR YEAR LEVY LIMIT	61,018,787	63,087,649	63,087,649
2.5 PERCENT	1,525,470	1,577,191	1,577,191
NEW GROWTH	543,392	625,000	2,200,000
CURRENT YEAR LEVY LIMIT	63,087,649	65,289,840	66,864,840
DEBT EXCLUSION TAX YIELD	3,719,522	3,423,518	3,423,518
MAXIMUM ALLOWABLE LEVY	66,807,171	68,713,358	70,288,358
TAX	66,774,365	68,713,358	68,713,358
EXCESS	<b>32,806</b>	<b>(0)</b>	<b>1,575,000</b>

Monday's Select Board agenda will have an item for the Board to discuss the revised FY2026 new growth estimate as of March 25, 2025. Representatives from the Assessors will be present to answer specific questions on the NSTAR improvements and how these improvements were captured, and Neil Vaidya and I will be prepared to answer questions the Board may have relative to next year's operating budget.

cc: Neil Vaidya, Finance Director  
 Katie Evangelisti, Principal Assessor