GLOUCESTER CITY COUNCIL MEETING
City Council Workshop
Tuesday, August 27, 2026 – 6:30 p.m.
Gloucester City Hall - Kyrouz Auditorium
9 Dale Avenue, Gloucester, MA 01930
and
Remotely via Zoom
-Minutes-

Councilors Present: Council President, Councilor Tony Gross; Councilor Jason Grow; Councilor Patti-Ann Page; Councilor Marjorie Grace; Councilor Hannah Kimberley

Absent: Council Vice President, Councilor Sean Nolan; Councilor Dylan Benson; Councilor Francesco Margiotta; Councilor Scott Memhard

Also Present: City Clerk, Grace Poirier; Principal Assessor, Nancy Papows; Assessor Tim Good

This meeting was conducted with the City Council in person and the public participating in person and remotely via Zoom.

Meeting called to order at 6:34 p.m.

Tax Classification Workshop

Summary of Discussion: Principal Assessor, Nancy Papows stated that the session was to briefly review the tax classification public hearing options and pointing out any important considerations.

Principal Assessor, Nancy Papows shared her screen.

CLASSIFICATION CONSIDERATIONS

SOME ECONOMIC & POLITICAL ISSUES
Outlined by the Department of Revenue

1. Consider percentage of commercial and industrial (C & I) properties as compar to residential (R).
2. Will an increased tax burden on C & I significantly lower the R tax burden?
3. What is the mix of commercial and industrial properties?
   a. How much is big business?
   b. How much is small business?
4. Are the businesses of the type that require extraordinary municipal services?
5. Will it adversely affect small business and drive them out of the community? Would a small commercial exemption help?

Nancy Papows stated that the City Council determined, with the Mayor's approval, on whether there would be a single tax rate or a split tax rate. She stated that the City Council decided the percentages of the tax levy that each tax class, residential and commercial, would carry. She stated at a factor of 1.00 all properties would be taxed at their full and fair cash value and have the same tax rate. She stated that the Department of Revenue determined the maximum shift factor allowed, which was a factor of 1.50 historically. She stated that there was roughly a 90% to 10% split between residential properties and commercial properties in the City, which meant it was difficult to provide significant relief to the residential class without a considerable impact on the commercial class. She stated that if a tax shift was made to put more burden on the commercial class, then the savings to residents would be small because it would be spread out over the residential tax base. She stated that other factors to consider were what the makeup of the commercial class, and residential values were more volatile than commercial.

Nancy Papows stated that other options to consider during the tax classification public hearing were open space discount, residential exemption, and the small commercial exemptions. She stated that the open space discount was at the discretion of the City Council, and it was typically not considered since no parcels in the City were considered open space currently. She stated that if this discount was offered then the value would be shifted to the residential class. She stated that the residential exemption would allow for a 35% exemption for all Class 1 residential properties and it would shift it to other residential properties.

Councilor Grow asked for clarification regarding the residential exemption. **Nancy Papows** stated that the residential exemption would benefit taxpayers with lower assessed values who were also residents, and shift the burden to higher valued homes. She stated that any property that was not owner occupied would not be eligible. She stated an important consideration was that due to the increased taxes on apartments, this cost could be passed on to the renters in increased rent. She stated that there were logistical issues with the exemption as well, as the Assessor's Office would need to determine which taxpayers were eligible.

Councilor Grow asked for clarification regarding who would see savings under the residential exemption. **Nancy Papows** stated all owner-occupied properties would be eligible, but if a home were valued over a certain amount in a given tax year, the taxes would still increase even if they received the exemption.

Factor of 1	**$1,020,700**	**@**	$9.34	**$9,533.34**	
Gloucester's Average Single Family		**with exemption:**			
Qualified	**$936,400**	**@**	$10.00	**$9,364.00**	**-$169.34**
Not Qualified	**$1,020,700**	**@**	$10.00	**$10,207.00**	**$673.66**
Break-even value is approximately $1,277,000					

Assessor Tim Good stated the above was the break even point currently.

Councilor Grow asked if there was a mechanism in the State that second homes would be taxed at different rate. **Nancy Papows** stated that second homes were taxed at the same rate, however, non-owner-occupied homes were liable for taxes on furniture in the home. She stated that the City received lists from homeowners and derived a percentage of the building value for the furniture liability.

Councilor Grow asked if there was a difference in the amount taxed for furniture based on the quality of it. **Nancy Papows** stated not with the allocation method that the City uses.

Councilor Page asked for clarification regarding the taxation of secondary homes that were furnished. **Nancy Papows** stated that these taxes were only levied when the home was furnished by the owner, whether it was used as a vacation home or a rental. She stated that this furnishing fell under personal property which could be taxed. She stated businesses were liable for taxes on personal property that was used to operate the business. She stated that how a business was taxed depended on the type of ownership.

Councilor Gross asked if utility companies contributed to the City's taxes. **Nancy Papows** stated that taxes on the personal property of the utilities companies was a large portion of the tax revenue.

Nancy Papows stated that there were only nineteen communities in the State that had opted for the residential tax exemption.

Nancy Papows stated that the small commercial exemption was for Class 3 commercial properties, which had to be occupied by a business with ten employees or less and an assessed value of less than $1 million and they were eligible up to an exemption of up to 10% of their assessed value. She stated that this would shift the tax burden from smaller commercial properties to larger ones.

Councilor Grow asked for clarification regarding the definition of a commercial property versus an industrial property. **Nancy Papows** stated that the use of a property was based on the coding the City provided to the Department of Revenue. She stated that the Assessor's Office routinely checked if properties had a change of use. She stated that commercial properties were businesses like retail, restaurants, and offices, while industrial properties were businesses that manufactured products.

(1) Occupied as of January 1, 2025 by a business with an average annual employment of no more than ten during calendar year 2024, as certified by the Director of the Department of Labor and Workforce Development, and
(2) Have a valuation of less than one million dollars. MGL Ch. 29 Section 5I.

2. An eligible business is one that is certified by the Director of Labor and Workforce Development as having had an average annual employment at all locations of ten or fewer people during calendar year 2024. The Director provides the assessors with a list of eligible businesses by July 1, 2025. MGL Ch. 151A Section 64A. The assessors are to rely exclusively on the Director's certification in determining whether a business qualifies.

3. The commercial parcel does not have to be owned by the occupying business or any other eligible business. If a parcel has multiple commercial occupants or tenants, all occupants must be eligible. If a parcel is multiple use, such as a residential and commercial property, all occupants of the commercial portion must be eligible.

4. The parcel must have a valuation of less than one million dollars before the application of any small commercial exemption. The exemption applies to a specific parcel occupied by an eligible business, not to the eligible business itself. Therefore, if any particular eligible business occupies more than one parcel, each under one million dollars in value, each parcel would qualify for the exemption.

Nancy Papows stated that small businesses would only benefit from the commercial exemption if the lease they were under required them to pay taxes on the property, and if not it would be the property owner who would benefit. She stated that while most industrial companies were larger, and may be able to pay an additional tax cost, some of them were also the City's largest employers and contributed to the City in non-tax ways, such as donations to non-profits.

Councilor Grow asked if there would be a continued increase in the tax classification burden on residential properties. **Nancy Papows** stated that while residential values were more volatile, the residential sector was also seeing more growth than the commercial sector. She stated that it would require a large commercial project to shift the situation.

Councilor Grow asked when did new construction increase the value of a property and reflect in the tax income. **Nancy Papows** stated that the Assessor's Office received building permits every month to capture and changes in properties that would affect the valuation. She stated that a building project that was in progress would be taxed on the percentage of completion. She stated that there were many more residential parcels in the City and therefore it outpaced commercial for growth.

Councilor Grow asked for clarification regarding the how the Assessor's Office did the yearly revaluation of properties. **Nancy Papows** stated that the Assessor's Office conducted sales analysis every year.

Councilor Grow asked for clarification regarding tax rate versus tax value. **Nancy Papows** stated that because the State only allowed taxes to be increased 2.5% per year, when there was a large increase in valuation the tax rate needed to be lowered to stay within the 2.5% limit.

Councilor Grow stated that not all properties will see a 2.5% increase in taxes, as it will depend on the valuation change in the property, and the 2.5% increase was for the overall tax leavy.

Councilor Gross stated that all the exemptions presented could have benefits, they also held their own perils, which is why only 19 out of the 351 communities in the State had opted into an exemption.

Councilor Page asked for clarification regarding reimbursement for State owned land. **Tim Good** stated that the City had one State owned parcel, the UMass Marine Station, which the City received a payment in lieu of taxes. He stated that the State Fish Pier was owned by the State, but because private businesses leased the property, the City taxed the occupants as if they owned it according to State law. He stated that if the Federal or State government occupied the property then the City did not receive taxes.

Councilor Grow stated that some non-profit housing developments, such as Harborlight, paid full property taxes.

MOTION: On a motion by Councilor Grow, seconded by Councilor Page, the City Council voted 5 in favor, 0 opposed, 4 absent, to adjourn the meeting at 6:15 p.m.

Submitted by: Lynds Jones, Legislative Aide

Items submitted at the meeting: Presentation by Assessor’s Office.

Meeting Recording: https://www.gloucester-ma.gov/1097/Past-Remote-Public-Meetings