

**TOWN of FOXBOROUGH  
BOARD of SELECTMEN**

**CLASSIFICATION HEARING**

**April 13, 2010**

**Presented by:**

**William R. Scollins, III, Finance Director  
Hannelore Simonds, Chief Assessor  
Foxborough Board of Assessors**

# INDEX

Page

1-2	Executive Summary
3	Tax Levy Comparison
4	Property Classification & Valuation History
5	Tax Levy Recap
6	Proposition 2 1/2 and Tax Levy 10 Year History
7	Largest Real Estate Tax Payers
8	Average Residential Tax History
9	Community Comparisons
10	Analysis of Tax Burden Shifting
11	Classification Considerations

Articles: The Tax Levy  
FY '08 Average Single-Family Tax Bills and Assessed Values  
The Shift Was On - Split Tax Rates FY 1992 to FY 2006

# EXECUTIVE SUMMARY

## FY '10 TAX LEVY

- The Tax Levy is increasing by \$3.065 million or 10.28%. The increase is comprised of:
  - 2.34%, or \$698K, as allowed by Proposition 2 1/2
  - 7.56%, or \$2.25 Million in New Growth
  - 0.38%, or 114K in increased Excluded Debt primarily related to the High School Renovation project
- We continue to tax to the limits allowed by proposition 2 1/2 for the 13th consecutive year

## FY '10 PROPERTY VALUES

- FY '10 total taxable property value increased by 2.0% while avg. Single Family Residential values have decreased by 2.5%
  - Over the last 10 years the average Residential value has increased by \$190K or 99%
  - Adjusted for inflation the increase has been much lower at \$92K, or 52%
- The average Single Family property value (*including condominiums*) has decreased in FY '10 by \$18.4K to ~\$381.4K
- The average Single Family property value (*excluding Condos*) has decreased in FY '10 by \$20.2K to \$392.9K
- The Residential class of property comprises 72.8% of total property value, down from 75.96% last year.
  - The remaining 27.2% of property value is associated with Commercial, Industrial and Personal Property classes
- Over the last five years Residential property has ranged from a low of 72.8% of the total valuation to a high three years ago of 80.01%
- This year's significant shift results in more of the tax burden falling on Commercial, Industrial & Personal Property taxpayers

## FY '10 TAX RATE

- The tax rate per \$1,000 in assessed value has increased by 8%, or 88 cents, to \$11.79
- Over the last 10 years the tax rate has decreased by \$3.67, from \$15.46 to \$11.79

## FY '10 TAX BILL

- The FY '10 average Single Family tax (*excluding condominiums*) has increased by 2.78%, or \$126, to \$4,633
- The FY '10 average Single Family tax (*including condominiums*) has increased by 3.09%, or \$135, to \$4,496
- Over the last 10 years the average Residential tax bill has increased by \$1,532, or \$153 per year
- In FY '10 the top 11 taxpayers comprised 17.19%, or \$5.65 million, of the tax levy
- The remaining 375 Commercial & Industrial taxpayers, comprised 9.2%, or \$3.0 million, of the tax levy

### **AREA COMMUNITY COMPARISONS (101 Class = Single Family excluding Condominiums)**

Foxborough's FY '10 total valuation (\$1.65 billion) of Single Family property is 15.9% less than the FY '10 average of the 15

- area communities (\$1.97 billion) listed on page 9
  - 10 of the 15 towns had higher total valuations than Foxborough in FY '10
- Foxborough's FY '10 total number of Single Family parcels (4,210) is 16.4% less than the average of the 15 area communities (5,034)
  - 12 of the 15 towns had higher total single family parcels than Foxborough in FY '10
- Foxborough's FY '10 average Single Family valuation (\$393K) is 0.3% less than the average of the 15 area communities (\$394K)
  - 8 of the 15 towns had higher average single family values than Foxborough in FY '10
- Foxborough's FY '10 average Single Family tax bill (\$4,633) is 7% less than the average of the 15 area communities (\$4,973)
  - 8 of the 15 towns had higher average single family tax bills than Foxborough in FY '10
  - In FY '10 Foxborough's tax bill ranked 98th in the State out of the 320 with certified tax rates
- Eight of the 15 area communities have adopted a "split" tax rate structure (i.e., Residential rate lower than Business rate)

### **SHIFTING THE FY '10 TAX BURDEN FROM RESIDENTIAL TO BUSINESS**

- The Board of Selectmen has the option to maintain a single tax rate or establish a "split" tax rate (see page 11 for Classification Considerations)
- Shifts as low as 1% of the tax burden to as high as 50% can be approved by the Board
- For example: (see page 10 for a wider range of options)
  - A 1% shift would reduce the average Residential tax bill by \$14.82 and conversely increase the average business tax bill by \$82.92
  - A 10% shift would reduce the average Residential tax bill by \$163.05 and conversely increase the average business tax bill by \$815.38
  - A 50% shift would reduce the average Residential tax bill by \$815.24 and conversely increase the average business tax bill by \$4,076.89
- The Board of Assessors is recommending that the single tax rate be maintained for FY '10

# TAX LEVY COMPARISON FY 2009 to FY 2010

## Town of Foxborough

	FY 2009	FY 2010	Change	
			\$	%
<u>All Property Tax Levy</u>	29,826,115	32,891,580	3,065,465	10.28%
<u>Property Values</u>	2,733,832,700	2,789,786,250	55,953,550	2.05%
<u>Rate</u>	10.91	11.79	0.88	8.07%
<u>Residential &amp; Condominium Average Value</u>	399,758	381,368	(18,390)	-4.60%
<u>Number of Parcels</u>	4,535	4,654	119	2.62%
<u>Average Tax</u>	4,361	4,496	135	3.09%
<u>Residential (101) Average Value</u>	413,120	392,930	(20,190)	-4.89%
<u>Number of Parcels</u>	4,106	4,210	104	2.53%
<u>Average Tax</u>	4,507	4,633	126	2.78%

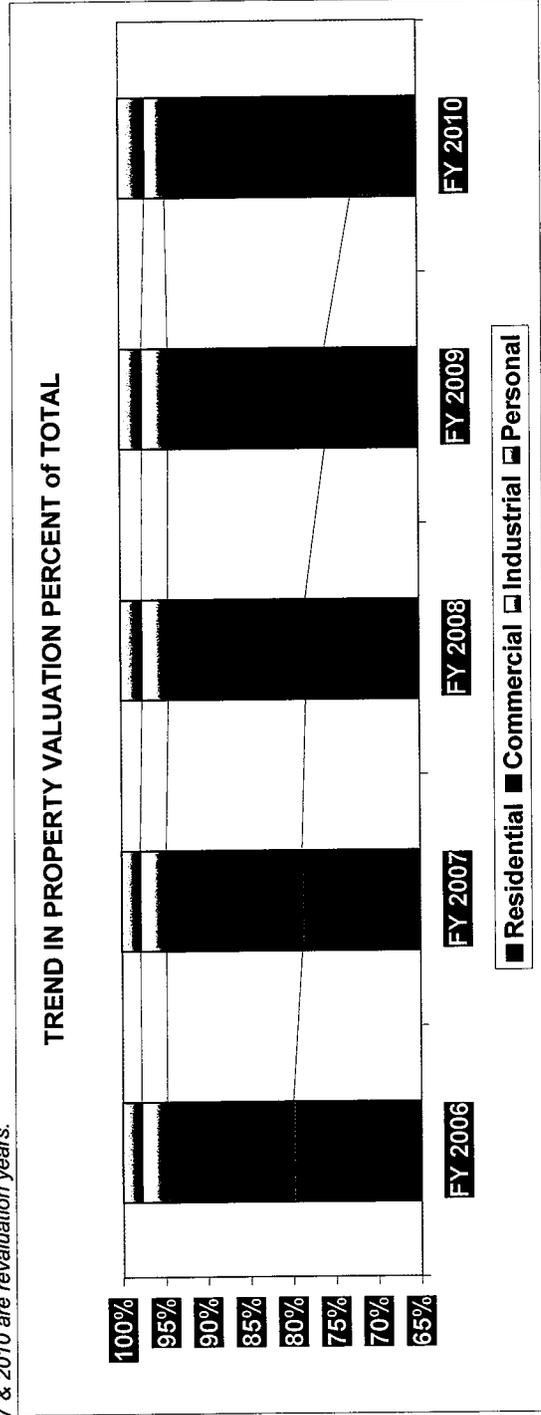
# PROPERTY CLASSIFICATION & VALUATION HISTORY

## FY 2006 - FY 2010

### Town of Foxborough

Property Type	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010		5 Year CAGR
	Assessed Valuation	% of Total									
<b>Residential</b> # of Accts.	2,010,657,563 5,348	80.01% 83.81%	2,159,820,329 5,425	78.87% 84.29%	2,100,175,015 5,507	78.33% 84.39%	2,076,563,832 5,480	75.96% 84.96%	2,031,070,206 5,481	72.80% 83.31%	3.17%
<b>Commercial</b> # of Accts.	371,667,469 360	14.79% 5.64%	436,666,111 351	15.94% 5.45%	432,516,525 349	16.13% 5.35%	503,179,568 339	18.41% 5.26%	608,528,294 294	21.81% 4.47%	12.51%
<b>Industrial</b> # of Accts.	74,513,400 46	2.97% 0.72%	82,511,300 46	3.01% 0.71%	82,073,500 45	3.06% 0.69%	82,496,000 47	3.02% 0.73%	64,756,600 91	2.32% 1.38%	-2.36%
<b>Personal</b> # of Accts.	56,018,090 627	2.23% 9.83%	59,601,450 614	2.18% 9.54%	66,368,340 625	2.48% 9.58%	71,593,300 584	2.62% 9.05%	85,431,150 713	3.06% 10.84%	8.52%
<b>Total Valuation</b>	2,512,856,522	100.00%	2,738,599,190	100.00%	2,681,133,380	100.00%	2,733,832,700	100.00%	2,789,786,250	100.00%	4.82%
<b>Total Accounts</b>	6,381	100.00%	6,436	100.00%	6,526	100.00%	6,450	100.00%	6,579	100.00%	

**Please Note:**  
Fiscal Years 2007 & 2010 are revaluation years.



**TAX LEVY RECAP  
FY 2009 vs. FY 2010**

**Town of Foxborough**

	FY 2009	FY 2010	Change	
			\$	%
<b>REVENUE USES:</b>				
Appropriations	53,350,240	57,415,707	4,065,467	7.62%
Debt Service Not Appropriated	-	163,135	163,135	100.00%
State Assessments	1,844,926	1,842,998	(1,928)	-0.10%
Cherry Sheet Offsets	39,291	33,858	(5,433)	-13.83%
Snow & Ice Deficit	328,820	463,344	134,344	40.86%
Prior Year Allowance for Abatelements Deficit	10,281	2,500	(7,781)	-75.68%
Allowance for Abatelements	696,574	440,000	(256,574)	-36.83%
<b>Total Revenue to be Raised</b>	<b>56,270,132</b>	<b>60,361,363</b>	<b>4,091,231</b>	<b>7.27%</b>
<b>REVENUE SOURCES:</b>				
<b>NON-TAX REVENUE SOURCES:</b>				
Cherry Sheet Receipts	10,995,206	10,195,435	(799,771)	-7.27%
MSBA Receipts	665,555	665,555	-	0.00%
Federal A.R.R.A. Grant	-	615,488	615,488	100.00%
Local Receipts	5,926,981	5,218,637	(708,344)	-11.95%
Solid Waste Enterprise Fund	1,082,718	1,102,024	19,306	1.78%
Water Enterprise Fund	2,991,825	3,921,670	929,845	31.08%
Sewer Enterprise Fund	1,245,834	1,181,800	(64,034)	-5.14%
<b>Total Enterprise Revenue</b>	<b>5,320,376</b>	<b>6,205,494</b>	<b>885,118</b>	<b>16.64%</b>
Free Cash	2,605,304	2,683,173	77,869	2.99%
Available Funds	930,595	1,886,000	955,405	102.67%
<b>Total Non-Tax Revenue Sources</b>	<b>26,444,017</b>	<b>27,469,783</b>	<b>1,025,766</b>	<b>3.88%</b>
<b>TAX LEVY REQUIRED</b>	<b>29,826,115</b>	<b>32,891,580</b>	<b>3,065,465</b>	<b>10.28%</b>
<b>TOTAL TAX &amp; NON-TAX REVENUE</b>	<b>56,270,132</b>	<b>60,361,363</b>	<b>4,091,231</b>	<b>7.27%</b>

**PROPOSITION 2 1/2 and TAX LEVY 10 YEAR HISTORY**  
**FY 2001 - FY 2010**  
*(\$ in 000's)*

**Town of Foxborough**

	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	10 Year CAGR
Prior Year's Levy Limit	18,259	19,315	20,273	21,207	22,249	23,295	24,403	25,619	26,708	28,545	
ADD: 2 1/2%	457	483	507	530	556	582	610	640	668	714	
ADD: New Growth	599	475	427	511	491	525	606	449	1,146	2,231	
<b>Subtotal Levy Limit</b>	<b>19,315</b>	<b>20,273</b>	<b>21,207</b>	<b>22,249</b>	<b>23,295</b>	<b>24,403</b>	<b>25,619</b>	<b>26,708</b>	<b>28,522</b>	<b>31,490</b>	<b>5.60%</b>
ADD: Debt Exclusions	1,601	1,158	905	755	816	1,550	1,574	1,853	1,306	1,420	
<b>TOTAL Levy Available</b>	<b>20,916</b>	<b>21,431</b>	<b>22,112</b>	<b>23,004</b>	<b>24,111</b>	<b>25,952</b>	<b>27,193</b>	<b>28,561</b>	<b>29,828</b>	<b>32,909</b>	<b>5.92%</b>
<b>Actual Levy</b>	<b>20,907</b>	<b>21,417</b>	<b>22,096</b>	<b>22,999</b>	<b>24,098</b>	<b>25,933</b>	<b>27,167</b>	<b>28,554</b>	<b>29,826</b>	<b>32,892</b>	<b>5.93%</b>
<b>Unused Levy</b>	<b>9</b>	<b>14</b>	<b>16</b>	<b>5</b>	<b>14</b>	<b>20</b>	<b>26</b>	<b>7</b>	<b>2</b>	<b>18</b>	
<b>Tax Rate</b>	<b>14.96</b>	<b>14.15</b>	<b>13.74</b>	<b>10.83</b>	<b>10.93</b>	<b>10.32</b>	<b>9.92</b>	<b>10.65</b>	<b>10.91</b>	<b>11.79</b>	<b>-2.67%</b>
Total Property Valuation	1,397,518	1,513,550	1,608,168	2,123,625	2,204,720	2,512,857	2,738,599	2,684,450	2,733,833	2,789,786	9.41%
Levy Ceiling (Outside Limit)	34,938	37,839	40,204	53,091	55,118	62,821	68,465	67,111	68,346	69,745	9.41%

# LARGEST REAL ESTATE TAXPAYERS FY 2010

## Town of Foxborough

Business Name	Nature of Business	FY 2010		
		Assessed Valuation	Tax Levy	% of Tax Levy
Foxboro Realty Associates Et Al	Sports, Entertainment & Various Real Estate	254,579,500	3,001,492	9.13%
Invensys Systems, Inc.	Process Controls	51,592,700	608,278	1.85%
Foxborough Lodge, L.P. (1)	Apartments	31,920,900	376,347	1.14%
Mayfair Realty Et Al (1)	Apartments	30,539,700	360,063	1.09%
Hub Properties Trust	Office Buildings	24,950,200	294,163	0.89%
Rodman Et Al	Auto & Real Estate	19,366,600	228,332	0.69%
Quincy Foxboro, LLC	Office Buildings	16,466,700	194,142	0.59%
Panagopoulos, D & N	Real Estate	15,251,400	179,814	0.55%
208 North St., LLC	Truck Terminal	11,923,100	140,573	0.43%
Harfinger, C. E. Trustee	Office Buildings	11,807,000	139,205	0.42%
Hospitality Properties, Inc.	Hotel & Restaurant	11,289,500	133,103	0.40%
<b>Sub-Total - Top 11 Accounts</b>		<b>479,687,300</b>	<b>5,655,513</b>	<b>17.19%</b>
<b>All Other Commercial &amp; Industrial Real Property- 375 Accounts</b>		<b>256,058,194</b>	<b>3,018,926</b>	<b>9.18%</b>
<b>Total Commercial &amp; Industrial Real Property - 386 Accounts (1)</b>		<b>735,745,494</b>	<b>8,674,439</b>	<b>26.37%</b>

(1) Foxborough Lodge & Mayfair's real estate is technically classified as residential, but is included in this commercial listing due to its significance to the tax base.

**AVERAGE RESIDENTIAL TAX HISTORY**  
**Single Family, Including Condominiums & Mixed Use**  
**FY 2000 - FY 2010**

**Town of Foxborough**

<u>FY</u>	<u># Parcels</u>	<u>Avg. Value</u>	<u>% Change</u>	<u>Tax Rate</u>	<u>Avg. Tax</u>	<u>% Change</u>	<u>\$ Change</u>
2010	4,654	381,368	-4.60%	11.79	4,496.33	3.09%	134.97
2009	4,535	399,758	-1.03%	10.91	4,361.37	1.38%	59.57
2008	4,516	403,924	-4.23%	10.65	4,301.79	2.82%	117.96
2007	4,456	421,757	2.77%	9.92	4,183.83	-1.21%	(51.22)
2006	4,423	410,372	14.50%	10.32	4,235.04	8.11%	317.54
2005	4,371	358,418	6.89%	10.93	3,917.50	7.87%	285.94
2004	4,336	335,324	30.23%	10.83	3,631.56	2.65%	93.72
2003	4,258	257,485	6.89%	13.74	3,537.84	3.80%	129.43
2002	4,258	240,877	8.96%	14.15	3,408.41	3.06%	101.08
2001	4,213	221,078	15.29%	14.96	3,307.33	11.56%	342.75
2000	4,144	191,758	5.95%	15.46	2,964.58	4.67%	132.22

**ACTUAL DOLLARS**

Cumulative Change	510	189,610	98.9%	(3.67)	1,531.75	51.7%	1,531.75
10 Year Avg. Change	51	18,961	9.9%	(0.37)	153.18	5.2%	153.18

**INFLATION ADJUSTED DOLLARS**

Cumulative Change	NA	91,804	51.8%	NA	431.40	15.7%	431.40
10 Year Avg. Change	NA	9,180	5.2%	NA	43.14	1.6%	43.14

**COMMUNITY COMPARISONS of  
FY 2008, 2009 & 2010 AVERAGE SINGLE FAMILY PROPERTY (101) TAX BILLS\***

Town	FY	Total Value Single Family Properties	% Change	# of Parcels	Average Value per Parcel	Residential Tax Rate	Average Tax Bill	% Change	Residential % of Property Value	Shift Rate	Residential Factor	State Rank
Bellingham	2010	1,243,306,415	-9.41%	4,505	275,984	11.96	3,301	3.67%	71.42	Yes	0.89	212
	2009	1,372,465,115	-1.98%	4,500	304,992	10.44	3,184	4.74%	72.56	Yes	0.89	218
	2008	1,400,203,490	-2.55%	4,491	311,780	9.75	3,040	2.95%	73.79	Yes	0.87	229
Canton*	2009	2,583,381,000	0.66%	5,268	490,391	9.98	4,894	7.18%	77.50	Yes	0.82	77
	2008	2,566,491,800	-3.65%	5,250	488,856	9.34	4,566	1.26%	77.57	Yes	0.82	90
	2007	2,663,647,800	6.73%	5,246	507,748	8.88	4,509	1.44%	78.01	Yes	0.82	84
Easton	2010	2,182,087,600	-4.38%	5,525	394,948	13.49	5,328	4.27%	86.72	No		63
	2009	2,281,924,600	-3.12%	5,515	413,767	12.35	5,110	3.84%	87.00	No		69
	2008	2,356,315,100	-2.68%	5,499	428,317	11.49	4,921	2.84%	87.71	No		70
Franklin	2010	2,793,914,300	-3.87%	7,577	368,736	12.03	4,436	3.21%	78.07	No		107
	2009	2,906,337,200	-5.98%	7,553	384,792	11.17	4,298	2.09%	78.16	No		112
	2008	3,091,250,900	-5.61%	7,512	411,508	10.23	4,210	8.73%	79.30	No		107
Mansfield	2010	1,984,199,800	-7.23%	5,298	374,519	13.33	4,992	2.95%	75.96	Yes	0.97	82
	2009	2,138,873,500	-5.09%	5,298	403,713	12.01	4,849	0.54%	77.09	Yes	0.97	82
	2008	2,253,622,300	2.53%	5,290	426,016	11.32	4,823	2.84%	78.07	Yes	0.98	75
Norfolk	2010	1,281,045,100	1.43%	2,879	444,962	14.07	6,261	2.72%	93.37	No		47
	2009	1,262,962,000	-4.52%	2,874	439,444	13.87	6,095	3.41%	93.77	No		47
	2008	1,322,713,800	-3.20%	2,868	461,197	12.78	5,894	1.57%	94.34	No		45
North Attleborough	2010	2,291,008,600	-4.00%	6,710	341,432	10.44	3,565	1.89%	77.72	No		173
	2009	2,386,439,700	-4.82%	6,698	356,291	9.82	3,499	2.70%	77.96	No		174
	2008	2,507,402,300	-2.94%	6,676	375,565	9.07	3,407	3.56%	78.98	No		174
Norton	2010	1,400,451,160	-1.82%	4,370	320,469	11.58	3,711	3.95%	84.06	No		165
	2009	1,426,421,930	-6.65%	4,359	327,236	10.91	3,570	1.10%	84.79	No		168
	2008	1,527,982,300	1.35%	4,319	353,782	9.98	3,531	3.19%	87.19	No		164
Norwood	2010	2,143,883,600	-4.33%	5,812	368,872	9.33	3,442	5.32%	69.95	Yes	0.79	190
	2009	2,240,982,300	-0.68%	5,801	386,310	8.46	3,268	3.32%	70.37	Yes	0.79	204
	2008	2,256,276,800	-4.70%	5,800	389,013	8.13	3,163	2.66%	71.54	Yes	0.78	202
Plainville	2010	662,349,300	-3.00%	1,887	351,007	12.57	4,412	1.73%	77.65	No		109
	2009	682,806,800	-4.63%	1,872	364,747	11.89	4,337	5.09%	77.92	No		109
	2008	715,932,600	0.53%	1,863	384,290	10.74	4,127	0.22%	81.02	No		115
Sharon	2010	2,234,673,300	-2.89%	5,213	428,673	17.92	7,682	-1.93%	92.37	No		27
	2009	2,301,283,700	-2.57%	5,206	442,045	17.72	7,833	2.71%	92.20	No		25
	2008	2,361,884,200	-8.38%	5,200	454,209	16.79	7,626	8.56%	93.14	No		23
Stoughton	2010	1,954,739,900	-8.95%	6,505	300,498	12.46	3,744	3.00%	78.40	Yes	0.87	161
	2009	2,146,865,000	-8.54%	6,503	330,135	11.01	3,635	2.89%	80.46	Yes	0.87	164
	2008	2,347,367,600	1.57%	6,500	361,133	9.79	3,535	2.49%	82.06	Yes	0.85	163
Walpole	2010	2,621,420,800	-4.84%	6,272	417,956	12.64	5,283	2.40%	86.02	Yes	0.96	64
	2009	2,754,737,500	-2.77%	6,231	442,102	11.67	5,159	4.45%	86.93	Yes	0.96	66
	2008	2,833,121,100	0.44%	6,212	456,072	10.83	4,939	0.73%	86.76	Yes	0.96	67
Westwood	2010	2,847,022,200	-3.49%	4,470	636,918	13.07	8,325	5.01%	86.60	Yes	0.89	20
	2009	2,949,874,500	0.09%	4,469	660,075	12.01	7,928	2.38%	85.60	Yes	0.89	22
	2008	2,947,310,700	1.06%	4,468	659,649	11.74	7,744	10.55%	85.96	Yes	0.89	20
Wrentham	2010	1,279,257,300	-3.16%	3,220	397,285	13.12	5,217	3.68%	81.66	Yes	0.97	71
	2009	1,320,999,280	-4.14%	3,211	411,398	12.22	5,027	3.84%	81.66	Yes	0.97	74
	2008	1,378,012,800	-2.39%	3,197	431,033	11.23	4,841	2.22%	82.90	Yes	0.97	72
Average	2010	1,966,849,358	-4.08%	5,034	394,177	12.53	4,973	2.62%	81.16	8 Yes / 7 No		106
Average	2009	2,060,423,608	-3.48%	5,024	410,486	11.70	4,846	3.30%	81.60	8 Yes / 7 No		107
Average	2008	2,124,325,853	-2.16%	5,010	426,163	10.88	4,691	4.03%	82.69	8 Yes / 7 No		108
FOXBOROUGH	2010	1,654,236,600	-2.48%	4,210	392,930	11.79	4,633	2.78%	72.80%	??		98
	2009	1,696,271,000	-0.20%	4,106	413,120	10.91	4,507	1.88%	75.96%	No		99
	2008	1,699,746,786	-3.06%	4,092	416,383	10.65	4,424	2.98%	78.33%	No		96
FOXBOROUGH	2007	1,753,386,040	6.13%	4,049	433,042	9.92	4,296	1.57%	78.87%	No		92

Source: Massachusetts DOR Division of Local Services Municipal Databank.  
\* Canton's FY 2010 Values & Tax Rate have not been certified as of the date of this publication. Their FY '09 data has been used in the FY '10 Averages.

**ANALYSIS of TAX BURDEN SHIFTING from RESIDENTIAL  
to COMMERCIAL, INDUSTRIAL, & PERSONAL PROPERTY (CIP)**

**Town of Foxborough**

	<u>Value</u>	<u>Tax Rate</u>	<u>Tax</u>	<u>% Change</u>	<u>\$ Change</u>
<b>No Classification</b>					
Average Residential	370,566	11.79	4,368.97	0.00%	-
Average CIP	690,998	11.79	8,146.87	0.00%	-
<b>1% Shift in Burden</b>					
Average Residential	370,566	11.75	4,354.15	-0.34%	(14.82)
Average CIP	690,998	11.91	8,229.79	1.02%	82.92
<b>2% Shift in Burden</b>					
Average Residential	370,566	11.70	4,335.62	-0.76%	(33.35)
Average CIP	690,998	12.03	8,312.71	2.04%	165.84
<b>3% Shift in Burden</b>					
Average Residential	370,566	11.66	4,320.80	-1.10%	(48.17)
Average CIP	690,998	12.14	8,388.72	2.97%	241.85
<b>4% Shift in Burden</b>					
Average Residential	370,566	11.61	4,302.27	-1.53%	(66.70)
Average CIP	690,998	12.26	8,471.64	3.99%	324.77
<b>5% Shift in Burden</b>					
Average Residential	370,566	11.57	4,287.44	-1.87%	(81.52)
Average CIP	690,998	12.38	8,554.56	5.00%	407.69
<b>10% Shift in Burden</b>					
Average Residential	370,566	11.35	4,205.92	-3.73%	(163.05)
Average CIP	690,998	12.97	8,962.25	10.01%	815.38
<b>15% Shift in Burden</b>					
Average Residential	370,566	11.13	4,124.40	-5.60%	(244.57)
Average CIP	690,998	13.56	9,369.94	15.01%	1,223.07
<b>20% Shift in Burden</b>					
Average Residential	370,566	10.91	4,042.87	-7.46%	(326.10)
Average CIP	690,998	14.15	9,777.62	20.02%	1,630.76
<b>25% Shift in Burden</b>					
Average Residential	370,566	10.69	3,961.35	-9.33%	(407.62)
Average CIP	690,998	14.74	10,185.31	25.02%	2,038.44
<b>30% Shift in Burden</b>					
Average Residential	370,566	10.47	3,879.82	-11.20%	(489.15)
Average CIP	690,998	15.33	10,593.00	30.03%	2,446.13
<b>35% Shift in Burden</b>					
Average Residential	370,566	10.25	3,798.30	-13.06%	(570.67)
Average CIP	690,998	15.92	11,000.69	35.03%	2,853.82
<b>40% Shift in Burden</b>					
Average Residential	370,566	10.03	3,716.77	-14.93%	(652.20)
Average CIP	690,998	16.51	11,408.38	40.03%	3,261.51
<b>45% Shift in Burden</b>					
Average Residential	370,566	9.81	3,635.25	-16.79%	(733.72)
Average CIP	690,998	17.10	11,816.07	45.04%	3,669.20
<b>50% Shift in Burden</b>					
Average Residential	370,566	9.59	3,553.72	-18.66%	(815.24)
Average CIP	690,998	17.69	12,223.76	50.04%	4,076.89

# **CLASSIFICATION CONSIDERATIONS**

## *Economic & Political Issues*

1. Consider the percentage of Commercial & Industrial (C & I) properties compared to Residential. Will an increased tax burden on C & I significantly lower the Residential tax burden?
2. What is the mix of Commercial & Industrial properties?  
How much of the tax burden falls on large business vs. small business?
3. Will a change adversely effect small / large business and drive them out of the community?
4. Will a change slow economic development?
5. Does business significantly contribute in a "non-tax" way to the community?
6. Are the town's businesses of the type that require an extraordinary amount of municipal services & resources?
7. Is the timing appropriate for a move to a split tax rate?
8. Will a shift to Commercial & Industrial maintain or increase the historical ratio of the tax burden?
9. Is a change a matter of principle or economics?

# Focus

## on Municipal Finance

### The Tax Levy

by Debbie Wagner and Terry Williams

The tax levy is the revenue a community raises through real and personal property taxes. Property taxes are levied against all non-exempt real and personal property, which is classified into residential, open space, commercial, industrial or personal property classes. The tax rate is expressed as dollars per thousand dollars of the property valuation. These tax rates apply singly to all property classes in a municipality or are "split" between residential/open space and commercial/industrial/personal property.

The property tax levy is the largest source of revenue for most communities. Other revenue sources are state aid, local receipts, and other available funds, such as free cash and stabilization funds. While the levy is the largest source of revenue for cities and towns, there are vast differences in the level of contribution to the total budget of communities in Massachusetts. Statewide in FY03, the levy was responsible for an average of 50.8 percent of municipal revenue, but varied from almost 84 percent in Alford and Dover to only 15 percent in Lawrence. This is because formulas for the distribution of state aid generally are weighted to give greater assistance to communities with lower property wealth and incomes.

### The Effects of Proposition 2½

Proposition 2½ is a law that places two constraints on the amount of the tax levy that can be raised by a city or town and how much the levy can be increased from year to year. These constraints are called the levy ceiling and the levy limit. The levy ceiling is determined by multiplying the total full and fair cash value of all taxable real and personal property in a community by 2.5 percent. The levy ceiling may change annually as property is added or deleted from the tax rolls and due to adjustments for market value fluctuations. Secondly, and more importantly, is the levy limit, which is the maximum amount that a community can raise through taxation in any given year. The levy limit must be below, or at most equal to, the levy ceiling.

The following is the levy limit calculation:  $Prior\ Year's\ Levy\ Limit \times 1.025 + New\ Growth = Current\ Year\ Levy\ Limit$

The levy limit is increased from year to year as long as it remains below that year's levy ceiling. Each year, a community's levy limit automatically increases by 2.5 percent over the previous year's levy limit. New growth is defined as a calculation of the net increase in municipal property values because of new construction/subdivision or return of exempt property to the tax roles. A community is not obligated to tax to the limit annually. The difference between

the actual tax levy and the levy limit is called excess capacity.

Proposition 2½ does, however, allow a community to increase its levy limit through the passage of an override and exceed its levy limit, or levy ceiling, through passage of a debt or capital outlay expenditure exclusion.

Prior to the passage of Proposition 2½, there was no limitation on the amount of taxes that could be levied by a community. Municipal budgets were, therefore, expenditure driven. The limitations imposed by Proposition 2½ have caused municipal budgeting to be a revenue driven process. This is illustrated below.

### Tax Levy Trends

#### Prior to Proposition 2½:

Total Municipal Budget – State Aid – Other Available Sources – Local Receipts = Tax Levy

**After Proposition 2½:** Tax Levy + State Aid + Other Available Sources + Local Receipts = Total Municipal Budget

In Massachusetts, over the past 10 years, the total tax levy has increased 61.8 percent as illustrated by the top line of *Figure 1*. Taxes on residential/open space property increased 69.5 percent in the 10-year period from 1993 to 2003 while commercial, industrial and personal property saw an increase of 46.7 percent. The percentage of taxes derived from the various classes of property has shifted during this period, becoming more reliant on residential and open space property classes. The residential sector comprised 66.73 percent of the total tax levy in 1993, while taxes in commercial, industrial and personal property classes made up 33.27 percent.

continued on page six

FY2003 Quarterly vs. Semi-Annual Tax Billing		
	Number of communities	FY2003 tax levy
Quarterly communities with split tax rate	79	\$4,700,127,419
Quarterly communities with single tax rate	143	\$2,311,144,714
<b>Total quarterly communities</b>	<b>222</b>	<b>\$7,011,272,133</b>
Semi-annual communities with split tax rate	21	\$ 499,075,192
Semi-annual communities with single tax rate	108	\$ 983,673,788
<b>Total Semi-annual communities</b>	<b>129</b>	<b>\$1,482,748,980</b>
<b>Total communities</b>	<b>351</b>	<b>\$8,494,021,113</b>

Table 1

Municipal Relief Act

continued from page three

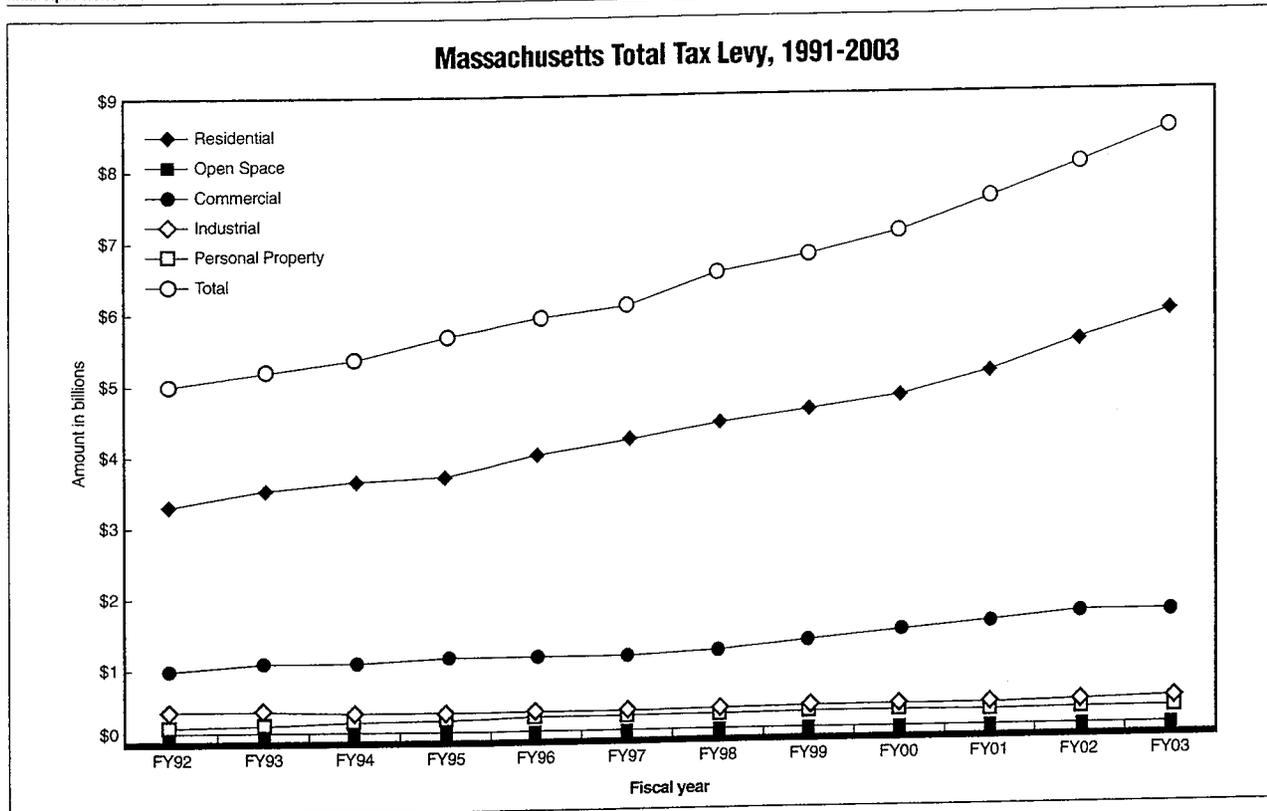


Figure 1

Today the residential/open space portion provides 69.84 percent and the remaining classes have fallen to 30.16 percent of the total tax levy. This shift is occurring for two reasons. Residential parcel counts have increased about 5 percent over the past 10 years while commercial/industrial property counts have remained constant. At the same time, residential valuations have increased at a faster rate than rates in the commercial, industrial, and personal property sectors.

**Quarterly Tax Billing**

Another aspect of the tax levy is the ability of a community to adopt quarterly tax billing (M.G.L. Ch. 59 Sec. 57C) in place of semi-annual billing. Since 1990, 222 (or 63 percent) of the 351 communities in the state have accepted this provision. Those municipalities had a combined levy in FY03 of \$7,011,272,133 (or 82.5 percent) of the total \$8,494,021,113 property tax levy.

This can be an attractive option for many cities and towns because it results in a more even cash flow, and consequently reduces the need to borrow in anticipation of tax receipts. Communities taking advantage of this option tend to be larger ones, which accounts for the fact that they levy a greater percentage of the total.

**“Shifting” the Tax Burden**

Larger communities, or those with an appreciable percentage of commercial and industrial property, often take advantage of the annual option to shift a larger portion of the levy to that segment. This gives the residential owner a lower bill than if the tax rate was assessed equally to all classes. A review of the FY03 tax levy shows that 28.5 percent of communities have shifted the tax burden or “split” the tax rate as shown in *Table 1*. Those cities and towns make up over \$4.7 billion or 55 percent of the \$8.5 billion statewide property tax levy.

*Table 2* compares tax levy information for FY02 and FY03 in each community. Statewide the total tax levy increased by nearly one-half billion dollars or 6.12 percent over FY02. Four of the communities added to their tax levy more than 25 percent (Monroe, Dunstable, Peter-sham, and Aquinnah). Another 48 approved increases of between 10 and 20 percent. Large increases such as these tend to occur in communities that have levied property taxes below the levy limit and then in the subsequent year, assessed additional taxes to the limit without the necessity of a ballot vote. On the other hand, some of these larger increases could have resulted from successful override or debt/capital out-lay expenditure exclusion votes. ■

## Focus on Municipal Finance

# Fiscal 2008 Average Single-Family Tax Bills and Assessed Values

Amy Januskiewicz and Terry Williams, Field Representatives, Bureau of Accounts

Introduction & Highlight by Jared Curtis, Analyst, Local Aid/Databank

Did you know that the state average single-family tax bill has increased every year since fiscal year 1990? Unfortunately, that has not been the case for the state average value of a single-family home. During the early 1990's and again in FY2008, the average value decreased. During times of economic downturn (1992 to 1994) the average value dropped over \$13,000. The average value saw — for the first time in a decade — a slight decrease again in FY2008. Even though the values decreased in FY08, between FY1999 and FY2008 the average value has actually increased by 132.6 percent; while, during the same time period the average tax bill has increased 60.8 percent.

This article reviews FY2008 single-family tax bills and property values across the commonwealth. As in previous years, this article ranks communities statewide. It also highlights some major trends and discusses the impact on single-family tax bills. The analysis is based primarily on FY08 data as reported by local assessors to the Department of Revenue's Division of Local Services (DLS).

Average single-family property tax bills are calculated by summing the assessed value of all single-family parcels in each community, then dividing this total by the number of parcels resulting in the average single-family property value. This average value is then divided by one thousand (since tax rates are per \$1,000 of assessed property value) and multiplied by the residential tax rate.

The 14 cities and towns that have adopted a residential exemption are excluded from this analysis because they do not submit sufficiently detailed data to DLS to determine their average

tax bills. Four communities (**Cumington, Gosnold, Middlefield and Richmond**) had not set rates in time for this publication, and were, therefore, also excluded from this analysis.

## Statewide Trends

### Tax Bills

As mentioned above, over each of the past 10 years (FY1999–FY2008), the average tax bill has increased in both actual and inflation adjusted dollars. The smallest percentage increase over the last decade occurred in FY2008 when tax bills increased by \$149, or 3.76 percent, to \$4,111. The percentage increase of the average tax bill over the past decade ranged from the aforementioned 2008 recent low of a 3.76 percent increase to 2002's high of a 6.7 percent increase. The cumulative percentage increase over this period is 60.8 percent; in other words, the average homeowner is paying property tax bills 60.8 percent higher than ten years ago. However, using the implicit price deflator for state and local government services the constant dollar increases over the same period was only 9.31 percent, indicating that tax bills are barely keeping up with the cost of services. In fact, tax bills have failed to keep pace with inflation using this measure in each of the last four years.

### Tax Rates

As the rate at which tax bills increased fluctuated, the average tax rate steadily decreased from a high of \$14.73 per \$1,000 in 1999 to a low of \$9.74 per \$1,000 in 2007 due to constant (although not at a steady rate) increases in property values. However, as the market began to sink, tax rates increased again in 2008 to \$10.00 per \$1,000.

### Property Values

In addition to the first increase in the average tax rate in a decade, FY2008 also ushered in a dramatic switch in assessed values across the state. Values had reached double-digit percentage increases every year between 2001 and 2005. The highest of these value increases was in FY2005 when the average value increased from \$307,361 to \$352,820; although the greatest percentage increase, 15.4 percent, was from 2003–2004. This steady growth in values had slowed at times during the previous nine-year period, but in FY2008, for the first time in a decade, the state's average value actually showed a net decrease of .073 percent. This drop decreased the average value from \$406,673 in 2007 to \$403,695 in 2008. Over the course of just three years, from FY2005 to FY2008 the rate at which values had been increasing slipped from 14.79 percent (FY2005) to 9.26 percent (FY2006) to 5.49 percent (FY2007) down to negative .073 percent, a striking drop of approximately five percent each year.

Despite the fact that FY2008 brought more increases in tax bills, the first increase to the average tax rate in ten years, and the first drop in the average value in a decade, it should be noted, that the average single-family property value in FY2008 is more than double what it was in FY1999: in 1999 it was \$173,576 and in 2008 it is \$403,695, showing the 132.6 percent increase in value previously mentioned.

As the value of residential property has climbed, a greater portion of the tax burden has gradually shifted to the residential class of property owners throughout

**continued on page 7**

**FY2007 and FY2008 Average Single-Family Tax Bills and Assessed Values**

Municipality	FY07 avg. value	FY08 avg. value	Pct. change	FY07 tax bill	FY08 tax bill	Pct. change	FY07 hi-to rank	FY08 hi-to rank	FY07 tax bill per \$1,000	FY08 tax bill per \$1,000	Pct. change	FY07 tax rate	FY08 tax rate
Abington	362,350	347,780	-4.02	3,913	3,874	-1.00	133	133	11.14	11.14	0.00	11.14	11.14
Acton	542,140	523,109	-3.51	7,926	8,051	1.58	15	15	15.39	15.39	0.00	15.39	15.39
Acustnet	317,284	320,098	0.89	2,916	2,961	1.54	237	237	9.25	9.25	0.00	9.25	9.25
Adams	133,618	140,659	5.28	2,032	2,113	3.99	312	312	15.02	15.02	0.00	15.02	15.02
Agawam	218,981	229,350	4.64	2,588	2,690	3.94	285	285	11.74	11.74	0.00	11.74	11.74
Alford	526,386	653,984	24.24	2,632	3,111	1.86	26	26	11.41	11.41	0.00	11.41	11.41
Amesbury	306,788	344,464	12.29	4,822	5,029	4.29	63	63	16.02	16.02	0.00	16.02	16.02
Amherst	330,926	332,528	0.48	5,189	5,327	2.66	57	57	16.02	16.02	0.00	16.02	16.02
Andover	591,798	581,558	-1.73	6,658	6,798	2.12	32	32	11.69	11.69	0.00	11.69	11.69
Aquinnah	991,101	1,287,044	29.86	3,994	4,183	4.73	109	109	3.25	3.25	0.00	3.25	3.25
Arlington	486,431	475,290	-2.29	5,328	5,442	2.18	53	53	11.45	11.45	0.00	11.45	11.45
Ashburnham	246,341	246,979	0.26	3,202	3,193	-0.28	199	199	12.93	12.93	0.00	12.93	12.93
Ashby	254,563	263,798	3.62	2,995	3,042	1.71	227	227	11.53	11.53	0.00	11.53	11.53
Ashfield	236,888	245,250	3.49	2,751	3,061	11.27	224	224	12.48	12.48	0.00	12.48	12.48
Ashland	411,091	413,165	0.50	5,180	5,338	3.05	56	56	12.82	12.82	0.00	12.82	12.82
Athol	189,539	187,362	-1.15	1,914	1,954	2.09	319	319	10.43	10.43	0.00	10.43	10.43
Attleboro	308,738	317,375	2.80	2,985	2,996	0.37	235	235	9.44	9.44	0.00	9.44	9.44
Auburn	268,318	267,350	-0.36	2,793	2,917	4.44	241	241	10.91	10.91	0.00	10.91	10.91
Avon	328,407	322,338	-1.85	3,159	3,146	-0.32	208	208	9.77	9.77	0.00	9.77	9.77
Ayer	296,635	303,452	2.30	2,630	2,986	5.51	236	236	9.84	9.84	0.00	9.84	9.84
Barnstable*	231,366	240,639	4.01	2,383	2,507	5.20	291	291	10.31	10.31	0.00	10.31	10.31
Barre	219,257	234,344	6.88	1,820	1,901	4.45	321	321	8.42	8.42	0.00	8.42	8.42
Becket	684,891	677,925	-0.45	5,969	6,086	1.96	41	41	11.38	11.38	0.00	11.38	11.38
Bedford	260,275	265,590	2.04	3,443	3,570	3.69	157	157	13.44	13.44	0.00	13.44	13.44
Belchertown	320,955	311,780	-2.86	2,953	3,040	2.95	228	228	9.75	9.75	0.00	9.75	9.75
Bellingham	803,440	787,676	-2.45	8,283	8,652	4.45	12	12	11.27	11.27	0.00	11.27	11.27
Belmont	366,527	377,584	3.01	2,872	2,851	-0.07	246	246	7.55	7.55	0.00	7.55	7.55
Berkley	443,902	446,317	0.54	4,865	4,999	2.75	66	66	11.20	11.20	0.00	11.20	11.20
Berlin	220,798	223,467	1.22	3,029	3,323	9.59	183	183	14.87	14.87	0.00	14.87	14.87
Barnardston	454,936	456,848	0.42	4,613	4,751	2.99	79	79	10.40	10.40	0.00	10.40	10.40
Beverly	319,039	305,575	-2.38	3,409	3,484	2.20	166	166	11.40	11.40	0.00	11.40	11.40
Blackstone	208,312	226,121	8.55	2,171	2,410	11.01	300	300	10.66	10.66	0.00	10.66	10.66
Blanford	516,061	508,183	-1.53	7,256	7,648	5.40	22	22	15.05	15.05	0.00	15.05	15.05
Bolton	474,404	481,988	1.60	3,046	3,152	3.48	204	204	6.54	6.54	0.00	6.54	6.54
Boston*	554,010	565,638	2.10	7,684	7,998	4.09	16	16	14.14	14.14	0.00	14.14	14.14
Bourne	674,891	677,925	0.45	7,059	7,423	5.16	24	24	10.95	10.95	0.00	10.95	10.95
Boxborough	418,554	420,477	0.46	4,717	4,810	1.97	77	77	11.44	11.44	0.00	11.44	11.44
Boylston	400,772	394,784	-1.49	3,262	3,423	4.94	171	171	8.67	8.67	0.00	8.67	8.67
Braintree	514,933	514,041	-0.17	2,817	2,853	1.28	245	245	5.55	5.55	0.00	5.55	5.55
Brewster	392,919	377,209	-4.00	3,772	3,904	3.50	129	129	10.35	10.35	0.00	10.35	10.35
Bridgewater	246,512	256,599	4.52	2,927	3,038	3.79	229	229	11.84	11.84	0.00	11.84	11.84
Brimfield	291,162	278,291	-4.42	2,734	2,672	-2.27	268	268	9.60	9.60	0.00	9.60	9.60
Brockton	247,392	249,976	1.04	3,013	3,200	6.21	198	198	12.80	12.80	0.00	12.80	12.80
Brockfield	212,227	213,640	0.67	2,761	2,846	3.08	247	247	13.32	13.32	0.00	13.32	13.32
Brookline*	421,178	406,582	-3.47	3,875	3,903	0.72	130	130	9.60	9.60	0.00	9.60	9.60
Buckland	507,748	488,856	-3.72	4,509	4,566	1.26	90	90	9.34	9.34	0.00	9.34	9.34
Burlington	822,143	825,035	0.35	9,833	10,610	7.90	5	5	12.86	12.86	0.00	12.86	12.86
Canton	388,613	395,343	1.73	3,734	3,886	4.12	147	147	11.33	11.33	0.00	11.33	11.33
Carver	191,334	199,252	4.14	3,105	2,923	-5.86	240	240	14.67	14.67	0.00	14.67	14.67
Chatham	309,163	313,613	1.43	2,665	2,725	2.25	285	285	8.69	8.69	0.00	8.69	8.69
Chatham	893,429	875,403	-1.89	3,118	3,213	3.03	196	196	3.67	3.67	0.00	3.67	3.67
Chatham	396,327	378,123	-4.59	4,966	5,105	2.80	62	62	13.50	13.50	0.00	13.50	13.50
Chatham	203,303	203,031	-0.13	1,659	1,679	1.21	324	324	8.27	8.27	0.00	8.27	8.27
Chatham	157,671	173,109	9.79	2,624	2,844	8.38	249	249	16.43	16.43	0.00	16.43	16.43
Chatham	362,350	347,780	-4.02	3,913	3,874	-1.00	133	133	11.14	11.14	0.00	11.14	11.14
Chatham	542,140	523,109	-3.51	7,926	8,051	1.58	15	15	15.39	15.39	0.00	15.39	15.39
Chatham	317,284	320,098	0.89	2,916	2,961	1.54	237	237	9.25	9.25	0.00	9.25	9.25
Chatham	133,618	140,659	5.28	2,032	2,113	3.99	312	312	15.02	15.02	0.00	15.02	15.02
Chatham	218,981	229,350	4.64	2,588	2,690	3.94	285	285	11.74	11.74	0.00	11.74	11.74
Chatham	526,386	653,984	24.24	2,632	3,111	1.86	26	26	11.41	11.41	0.00	11.41	11.41
Chatham	306,788	344,464	12.29	4,822	5,029	4.29	63	63	16.02	16.02	0.00	16.02	16.02
Chatham	330,926	332,528	0.48	5,189	5,327	2.66	57	57	16.02	16.02	0.00	16.02	16.02
Chatham	591,798	581,558	-1.73	6,658	6,798	2.12	32	32	11.69	11.69	0.00	11.69	11.69
Chatham	991,101	1,287,044	29.86	3,994	4,183	4.73	109	109	3.25	3.25	0.00	3.25	3.25
Chatham	486,431	475,290	-2.29	5,328	5,442	2.18	53	53	11.45	11.45	0.00	11.45	11.45
Chatham	246,341	246,979	0.26	3,202	3,193	-0.28	199	199	12.93	12.93	0.00	12.93	12.93
Chatham	254,563	263,798	3.62	2,995	3,042	1.71	227	227	11.53	11.53	0.00	11.53	11.53
Chatham	236,888	245,250	3.49	2,751	3,061	11.27	224	224	12.48	12.48	0.00	12.48	12.48
Chatham	411,091	413,165	0.50	5,180	5,338	3.05	56	56	12.82	12.82	0.00	12.82	12.82
Chatham	189,539	187,362	-1.15	1,914	1,954	2.09	319	319	10.43	10.43	0.00	10.43	10.43
Chatham	308,738	317,375	2.80	2,985	2,996	0.37	235	235	9.44	9.44	0.00	9.44	9.44
Chatham	268,318	267,350	-0.36	2,793	2,917	4.44	241	241	10.91	10.91	0.00	10.91	10.91
Chatham	328,407	322,338	-1.85	3,159	3,146	-0.32	208	208	9.77	9.77	0.00	9.77	9.77
Chatham	296,635	303,452	2.30	2,630	2,986	5.51	236	236	9.84	9.84	0.00	9.84	9.84
Chatham	231,366	240,639	4.01	2,383	2,507	5.20	291	291	10.31	10.31	0.00	10.31	10.31
Chatham	219,257	234,344	6.88	1,820	1,901	4.45	321	321	8.42	8.42	0.00	8.42	8.42
Chatham	684,891	677,925	-0.45	5,969	6,086	1.96	41	41	11.38	11.38	0.00	11.38	11.38
Chatham	260,275	265,590	2.04	3,443	3,570	3.69	157	157	13.44	13.44	0.00	13.44	13.44

Municipality	FY07 avg. value	FY08 avg. value	Pct. change	FY07 tax bill	FY08 tax bill	Pct. change	FY07 hi-lo rank*	FY08 hi-lo rank*	FY08 tax rate
Methuen	312,980	314,049	0.37	3,019	3,219	6.62	195	195	10.25
Middleborough	347,432	326,403	-6.05	2,224	2,297	2.26	185	10.10	
Middlefield	187,034	177,573	-5.33	2,725	2,579	-5.37	54	9.69	
Middleton	527,956	552,873	4.72	3,756	3,915	4.23	128	11.80	
Milford	344,592	331,776	-3.72	3,006	3,093	2.89	220	11.41	
Millbury	287,984	271,056	-5.85	4,733	4,842	2.30	71	12.28	
Millis	380,804	394,325	3.55	2,638	2,666	2.47	180	10.60	
Millville	147,234	137,573	-6.56	5,907	6,015	1.83	44	10.95	
Milton	544,895	549,314	0.81	1,086	1,283	18.14	329	13.94	
Monroe	88,273	92,010	4.23	2,590	2,825	9.07	270	11.41	
Monson	222,009	237,000	6.71	2,524	2,618	3.72	256	13.55	
Montague	160,505	183,185	14.11	2,467	2,478	0.45	294	5.10	
Monterey	451,372	485,952	7.66	2,503	2,503	0.00	214	12.51	
Montgomery	249,836	260,194	0.14	1,822	1,992	9.33	317	5.52	
Mt. Washington	355,155	350,892	-1.62	4,394	5,276	20.07	58	8.33	
Nahant	617,948	633,386	2.50	4,727	4,829	2.16	73	10.01	
Nantucket	483,410	482,407	-0.23	6,377	6,664	4.50	36	9.70	
Natick	882,019	866,972	-0.73	1,443	1,401	-2.91	328	7.54	
Needham	186,858	185,772	-0.58	2,552	2,598	1.80	277	10.55	
New Ashford	247,510	246,211	-0.52	3,255	3,397	4.27	178	12.54	
New Bedford	272,655	270,900	-0.64	2,374	2,623	10.40	275	6.46	
New Braintree	417,922	405,785	-2.91	2,696	2,785	3.27	261	12.61	
New Marlborough	222,400	221,634	-0.35	4,078	4,136	1.42	113	8.57	
New Salem	495,516	482,656	-2.60	4,925	4,933	0.16	69	10.13	
Newbury	488,117	486,986	-0.23	7,641	7,617	-0.31	199	9.70	
Newburyport	818,978	800,744	-2.23	5,803	5,894	1.57	325	11.32	
Newton	477,594	461,197	-3.40	5,453	5,833	6.93	325	11.32	
Norfolk	130,592	144,239	10.50	1,610	1,667	3.52	46	11.40	
Norfolk	303,049	304,744	0.56	3,290	3,407	3.56	248	8.67	
N. Andover	536,881	514,626	-4.14	2,310	2,482	7.45	293	9.94	
N. Attleborough	390,708	375,648	-3.87	2,503	2,782	11.15	253	13.23	
N. Attleborough	247,293	249,648	0.95	3,422	3,531	3.19	164	9.98	
N. Brookfield	512,389	504,595	-1.52	5,300	5,340	0.75	33	11.07	
N. Reading	303,049	304,744	0.56	5,355	5,556	3.75	50	13.28	
Northampton	482,226	418,409	-16.75	2,752	2,846	3.42	248	8.67	
Northborough	322,221	328,249	1.87	2,324	2,526	8.69	288	8.84	
Northbridge	194,031	210,300	8.38	2,503	2,782	11.15	253	13.23	
Northfield	347,213	346,687	-0.15	3,422	3,531	3.19	164	9.98	
Norton	352,070	353,782	0.49	6,654	6,782	1.92	33	11.07	
Norwell	622,473	612,661	-1.58	3,081	3,163	2.66	202	8.13	
Norwood	408,571	389,013	-4.79	3,081	3,163	2.66	202	8.13	
Oak Bluffs	643,984	651,362	1.15	3,600	3,667	1.86	148	5.63	
Oakham	276,714	285,790	3.28	2,324	2,526	8.69	288	8.84	
Orange	151,030	177,738	17.68	2,136	2,243	5.01	208	12.62	
Orleans	775,198	785,411	1.32	3,310	3,550	7.25	160	4.52	
Otis	283,117	287,615	1.59	1,710	1,783	4.27	323	6.20	
Oxford	254,131	261,243	2.80	2,894	2,714	-0.74	257	10.39	
Oxford	197,498	205,098	3.85	2,595	2,691	3.70	264	13.12	
Palmer	347,213	346,687	-0.15	3,965	4,156	4.82	111	11.92	
Paxton	389,654	351,845	-9.70	3,024	3,050	0.86	226	8.67	
Peabody	282,025	301,230	6.81	5,178	5,232	1.04	59	17.37	
Pelham	392,770	380,256	-3.19	4,089	4,156	1.64	112	10.93	
Pepperell	337,631	346,512	2.57	3,412	3,466	1.57	165	10.06	
Peru	147,183	160,456	8.97	2,490	2,567	3.09	248	14.07	
Petersham	279,110	270,756	-2.99	2,850	3,100	8.77	218	11.45	
Petersham	231,788	225,064	-2.90	1,949	2,554	31.04	285	11.35	
Phillipston	167,121	189,238	13.17	2,381	2,487	4.45	292	13.15	
Pittsfield	199,794	190,405	-4.70	2,493	2,660	6.73	292	13.97	
Plainfield	384,104	384,230	0.03	4,118	4,127	0.22	110	10.74	
Plainville	358,285	350,540	-2.16	3,479	3,621	4.08	153	10.33	
Plymouth	384,867	406,725	5.68	4,645	4,828	3.94	74	11.87	
Plympton	384,867	406,725	5.68	4,645	4,828	3.94	74	11.87	
Raynham	397,108	377,448	-4.95	3,645	3,680	0.95	132	10.28	
Reading	461,656	452,066	-2.08	5,572	5,696	2.23	49	12.60	
Reading	434,695	427,294	-1.70	3,273	3,431	4.83	170	8.03	
Rehoboth	314,570	329,025	4.59	3,187	3,333	4.58	182	10.13	
Revere	490,206	484,992	-0.66	3,503	3,567	1.85	158	9.03	
Rochester	352,403	394,982	12.08	3,516	3,567	1.45	158	9.03	
Rockland	520,915	509,448	-2.92	3,227	3,260	1.02	190	10.50	
Rockport	359,442	349,417	-2.80	4,431	4,526	2.14	92	8.39	
Royalton	188,871	185,061	-2.01	780	882	13.08	332	4.52	
Roxbury	427,306	436,225	2.03	4,179	4,425	5.89	95	10.38	
Royalston	209,331	213,547	2.01	1,815	1,830	0.83	322	8.57	
Russell	186,631	197,946	6.17	2,792	3,234	15.83	194	16.34	
Rutland	286,162	289,374	1.12	3,079	3,244	5.36	191	11.21	
Salem	355,319	347,426	-2.22	3,827	4,054	5.93	121	11.67	
Salisbury	360,359	355,174	-1.44	2,948	3,005	1.93	234	8.46	
Sandisfield	269,889	271,273	0.53	2,137	2,238	4.73	309	8.25	
Sandwich	428,623	426,738	-0.44	3,985	4,101	2.89	117	9.61	
Saugus	389,674	383,251	-1.65	3,227	3,256	0.90	181	8.76	
Savoy	173,436	171,400	-1.17	1,868	1,947	4.23	320	11.32	
Scituate	543,917	543,244	-0.12	4,520	5,009	10.82	65	9.26	
Seekonk	360,426	360,611	0.05	3,215	3,238	0.72	193	8.98	
Sharon	418,118	454,209	8.45	7,025	7,626	8.56	23	16.79	
Shelburne	290,886	294,031	1.08	3,336	3,452	3.48	169	11.74	
Shelburne	287,989	286,446	-0.50	2,797	2,863	2.36	244	2	15.66
Shelton	737,969	770,925	4.47	11,733	12,073	2.90	2	15.66	
Shirley	328,228	324,217	-1.22	3,167	3,291	3.92	187	10.15	
Shrewsbury	415,501	400,008	-3.73	3,598	3,656	1.61	149	9.14	
Shutesbury	225,343	261,474	16.03	4,013	4,157	3.59	110	15.90	
Somers*	250,133	251,878	0.70	2,964	3,088	4.18	221	12.26	
Somerville*	269,663	270,339	0.62	3,157	3,176	0.60	201	11.75	
Southampton	579,431	576,642	-0.48	7,289	7,231	-0.80	27	12.54	
Southborough	216,993	212,995	-1.84	2,432	2,515	3.41	290	11.81	
Southbridge	254,744	255,933	0.86	3,016	3,135	3.95	212	12.20	
Southwick	259,847	261,991	0.83	2,009	2,075	3.29	314	7.92	
Spencer	146,319	151,541	3.57	2,347	2,429	3.49	299	16.03	
Springfield	357,130	341,378	-4.41	4,111	4,312	4.89	99	12.63	
Sterling	488,911	520,727	6.51	3,349	3,603	7.58	154	6.92	
Stonham	431,042	421,414	-2.23	4,198	4,294	2.29	101	10.19	
Stonham	355,602	361,133	1.56	3,449	3,535	2.49	163	9.79	
Stoughton	483,765	471,013	-2.64	6,686	6,938	3.77	30	14.73	
Sturbridge	307,968	313,565	1.82	3,369	3,550	5.37	161	11.32	
Sudbury	702,816	693,843	-1.27	9,221	9,758	5.82	8	14.27	
Sudbury	281,981	287,909	2.10	3,560	3,889	9.24	131	11.25	
Sunderland	365,460	345,687	-5.41	6,917	7,293	5.48	27	13.63	
Sutton	537,900	535,037	-0.53	2,466	2,598	5.74	278	8.26	
Swampscott	311,726	314,676	0.91	2,017	2,162	7.39	311	9.20	
Swampscott	236,150	298,299	26.33	2,017	2,162	7.39	311	9.20	
Taunton	316,459	310,471	-1.92	3,742	3,850	2.89	136	10.45	
Tewksbury	377,576	368,408	-2.43	3,742	3,850	2.89	136	10.45	
Tisbury*	300,395	300,124	-0.09	1,394	1,455	2.94	327	4.78	
Tolland	583,145	563,020	-3.27	6,747	7,008	3.87	29	12.02	
Topsfield	167,760	170,212	1.54	3,351	3,632	8.39	152	13.44	
Townsend	815,948	811,775	-0.51	3,386	3,645	7.65	151	4.49	
Troy	300,395	300,124	-0.09	1,394	1,455	2.94	327	4.78	
Troy	583,145	563,020	-3.27	6,747	7,008	3.87	29	12.02	
Troy	167,760	170,212	1.54	3,351	3,632	8.39	152	13.44	
Troy	815,948	811,775	-0.51	3,386	3,645	7.65	151	4.49	

This table details the average assessed value and tax bill of single-family homes for fiscal years 2007 and 2008. It also gives the 2008 tax rate and ranks the 353 communities included in our analysis from high to low for the 2008 average tax bill. Additionally, it shows the percentage change in assessed value and tax bills between these two fiscal years.

\*Ranking based on FY08 average single family tax bills.

Table 1

## Fiscal 2008 Average Single-Family Tax Bills and Assessed Values continued from page 4

Massachusetts. Up until recently, this was because the value of residential properties was escalating each year far more dramatically than commercial, industrial and personal property (CIP) values. The total assessed value of all CIP increased 86.6 percent between FY1999 and FY2008, but still did not keep pace with the 159.7 percent increase in total assessed value of all residential property classes. As a result of this difference in the rate of appreciation, the residential class is bearing a significantly larger share of the statewide property tax; increasing from 67.85 percent in FY99 to 73.3 percent in FY08.

### Community Trends

#### High values and high bills; (comparatively) low values and (comparatively) low bills

The six communities with the highest tax bills in FY2007 retained their rankings in FY2008. Each of these six has average bills that exceed \$10,000. As recently as FY2002, no town had an average bill over this mark, but in 2003 Weston became the first when their average bill became \$10,783. **Weston** (FY2008: \$14,537) continues to have the highest average tax bill, followed by: **Sherborn** (\$12,073), **Lincoln** (\$10,870), **Dover** (\$10,860), **Carlisle** (\$10,610), and **Concord** (\$10,125).

Not unexpectedly, these six towns also all ranked among the highest with respect to average assessed value. Their rankings by assessed values are **Weston** (2), **Sherborn** (18), **Lincoln** (7), **Dover** (6), **Carlisle** (13) and **Concord** (10).

The five communities with the lowest average tax bills also remained the same: **Hancock** (\$693), **Rowe** (\$882), **Florida** (\$1,104), **Erving** (\$1,235) and **Monroe** (\$1,283). These five towns are all in the lower 20 percent of average assessed residential values and, it is noteworthy to point out that, with the exception of Hancock, each has a major taxpayer such as a power plant allowing them to split the tax rate and shift the tax burden away from the single-

family homeowner. Hancock has had multiple commercial and residential condo developments which have shifted the burden away from single-family parcels in their community.

Similar to past results, statewide the association between the average tax bill and average assessed value is generally strong with only a few exceptions. Key exceptions are communities on the Cape and Islands, which tend to have high assessed values but lower tax bills due to the large number of seasonal properties and a lower demand for services. While the Berkshires are also known for second homes and vacationers, the majority of communities in Berkshire County (20 of 25) have low values and low bills. Only five communities in Berkshire County have higher than average assessed values, but these communities continue to have low bills.

#### Largest Tax Bill Increases: Overrides, debt exclusions, and taxing to the levy capacity

In FY2008, six communities experienced increases in their average tax bills that were greater than 15 percent; these increases ranged from 15.8 percent to 31.0 percent. Although three of the six communities' increases occurred due to overrides or debt exclusions, the other three communities' increases were due to decisions to tax to their levy capacity, which they had not previously done.

In **Phillipston**, the 31 percent increase in tax bills resulted from successful Proposition 2½ overrides totaling almost \$485,000 in increased levy capacity.

**East Brookfield** (+23 percent) and **Nahant** (+20 percent) each had substantial new debt exclusion votes take effect.

In the case of **Granville** (+19.9 percent), **Monroe** (+18.1 percent) and **Russell** (+15.8 percent) the large rate of increase was due to the use of most of their remaining substantial excess levy capacity.

### Property Values

Of the 333 communities evaluated, 144 dropped in value from FY2007 to FY2008. Seventeen communities lost 5 percent or more in value, with **Peabody's** values slipping the most at -9.7 percent.

On the flip side, in this category, six towns gained over 20 percent in value and a total of 41 municipalities gained more than five percent in value (this includes those six over 20 percent). **Aquinnah** (+30 percent) had the largest increase of any municipality statewide in FY2008. **Tyringham**, **Alford**, **Peru**, **Hawley** and **Gill** were the only other towns experiencing jumps of above 20 percent, while all other communities had lower percentage growth or losses. It is interesting to note, of the 41 municipalities that gained more than five percent in value all but five (or 36 of the 41) are located west of Worcester County in western Massachusetts. **Aquinnah** and two other Martha's Vineyard communities, **Edgartown** and **West Tisbury**, were the only three in the top 25 of those with rising values that are found east of the Quabbin Reservoir.

Just a short time ago values were spiking across the state, especially in the eastern counties. Three years ago, this story was the inverse: 102 communities had increases in their values of more than 20 percent. This decline might suggest that values are cooling off sooner in the eastern part. This is also evidenced by the fact that all but nine (or 135) of those 144 municipalities losing value are in or east of Worcester County. This is further evidence that, even with the time lag inherent with the assessment process the slowdown in the real estate market is now translating into the valuations.

### Recertification's Role

Additional analysis of the average assessed single-family property values show a correlation to DLS' community recertification schedule. The majority

**continued on page 8**

**Fiscal 2008 Average Single-Family Tax Bills and Assessed Values** continued from page 7

Fiscal year	Avg. assessed value	Pct. change	– Single-family tax bill –						Tax rate
			Actual dollars	Pct. change	Adjusted by CPI	Pct. change	Adjusted by IPD*	Pct. change	
1999	173,576	5.2	2,557	3.8	2,557	1.7	2,557	1.6	14.73
2000	185,009	6.6	2,679	4.8	2,587	1.2	2,574	0.7	14.48
2001	206,789	11.8	2,826	5.5	2,609	0.8	2,614	1.6	13.67
2002	236,229	14.2	3,015	6.7	2,701	3.5	2,727	4.3	12.76
2003	266,350	12.8	3,206	6.3	2,776	2.8	2,804	2.8	12.04
2004	307,361	15.4	3,412	6.4	2,855	2.8	2,884	2.8	11.10
2005	352,820	14.8	3,588	5.2	2,935	2.8	2,863	-0.7	10.17
2006	385,502	9.3	3,801	5.9	2,991	1.9	2,849	-0.4	9.86
2007	406,673	5.5	3,962	4.2	3,051	2.0	2,830	-0.7	9.74
2008	403,731	-0.7	4,111	3.8	3,083	1.1	2,795	-1.2	10.00
<b>Change</b>	<b>230,155</b>		<b>1,554</b>		<b>526</b>		<b>238</b>		<b>-4.73</b>
<b>Pct. change</b>	<b>132.6</b>		<b>60.8</b>		<b>20.6</b>		<b>9.3</b>		<b>-32.1</b>

\*Implicit price deflator for state and local government services. The FY2008 IPD calculation is based on the past three available quarters.

**Table 2**

(13) of the 18 communities with value increases over 10 percent just completed a triennial recertification in 2008. On the opposite side, only two of 17 municipalities with a drop of 5 percent or more were in a revaluation year. These figures show that the largest changes are still occurring in certification years, despite the recent push for interim year adjustments. All of the 13 communities with value increases in FY2008 are located in Western Massachusetts, where interim adjustments are not being done as regularly.

**Looking ahead ...**

The current year data for FY2008 shows what may be the beginning of a troubling trend in which average single-family tax bills and assessed values in the commonwealth go in separate directions. In FY2008 average tax bills increased slightly from FY2007 while the average single-family property value decreased for the first time in a decade. This trend is likely to continue into

the near future as reports show property values continuing to decline, while conversely there remain many uncontrollable pressures increasing the cost of delivering government services.

Stay tuned for next month's focus article which looks at the impact of successful Proposition 2½ overrides on communities' levies over this same time period of FY1999 to FY2008. ■

**Databank Highlight**

**Jared Curtis, Analyst,  
Local Aid/Databank**

By visiting our website at [www.mass.gov/dls](http://www.mass.gov/dls) you can find an assortment of financial data on individual communities.

You can request additional data on the average single family tax bill or other property tax related files by contacting the Municipal Databank at [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us) or 617-626-2384. ■

**Legal continued from page 3**

In review, the Northfield decision on the tenant rights might be compared to a right of way which a home owner might have over an abutter's land. The right of way increases the abuttee's property value since it permits access and development of the land, but the right of way itself is separately assessed.

For a related article see "Lease of Public Property," consult page two of the June/July 2008 issue of *City & Town* which is available on our website. The article covers the Massachusetts Supreme Judicial Court decision of *Sisk v. Assessors of Essex*, 426 Mass. 651 (1/17/08) upholding the taxation of summer cottages on land leased by a municipality under long-term lease. In *Sisk*, the taxes were assessed on the entire value of the state without taking into consideration the lease provisions limiting occupancy to the months of April to October. This article is especially relevant since it cited *Sisk* in the *Smith* decision discussed above. ■

# The Shift Was On

## Split Tax Rates FY1992 to FY2006

James Paquette

During the past 15 years growth in residential property values has run far ahead of growth in commercial, industrial and personal property (CIP) values. The Classification Act of 1979 established shift limits so that communities could utilize split or dual tax rates to balance the property tax burden among different classes of property, even as this trend continued. The adoption of different rates for CIP and residential property does not change the total tax levy but does determine the share of the levy each property class is to bear.

Many communities using the split tax rate and its shift limits have approached their maximum shift. Trends, since the advent of shifting, have shown that as the growth of residential values in the marketplace slows down and an "up-tick" in CIP values takes place, those communities may get some breathing room rather than bumping against their maximum shift factor.

Other communities which still employ the single tax rate, but whose residential taxpayers have experienced the stress of higher property tax bills, may want to review the experience of the nearly 100 communities that have opted to use the split rate and its shift limits. (See [table of communities that shifted](#), available on the DLS website.)

Shift limits of the "Split Tax Rate" were established by the Classification Act of 1979. The share of the levy raised by the commercial and industrial classes and personal property class (CIP) may be increased 50 percent as long as the residential (R) and open space (O) classes raise at least 65 percent of what they would have raised without the shift. The "minimum residential factor" established by the Commissioner of Revenue is used to make certain that the shift of the tax burden complies with the Classification Act. If the minimum residential factor would be less than .65, the community cannot choose the maximum shift and must use a CIP factor less than 1.50. The .65 limitation is important because it directly

affects communities with larger CIP values as a portion of their total value. In the instance of a community that has 20 percent of their value as CIP; a shift in the CIP by the 50 percent would result in a MRF (minimum residential factor) of .875. In the instance of a community that has 45 percent of their value as CIP; an attempt to shift 50 percent would produce a MRF of .59, which would be lower than the permitted .65, meaning that they could not shift the entire 50 percent.

**Many cities and towns use the split rate and its shift limits.**

Chapter 200 of the Acts of 1988 provides relief for those communities in which the maximum shift results in a residential share which is larger than that of the prior year. For those communities, the limits

have been raised. They may increase the CIP share of the levy by 75 percent as long as the residential class would not be reduced to less than 50 percent of its original share. However, this new residential share cannot be less than the residential share in any year since the community's values were first certified at full and fair cash value.

### A change in circumstances

The CIP as a percent of total value decreased from 22.2 percent to 15.4 percent during the time period from FY1992 to FY2006 for all 351 Massachusetts communities (Figure 1). During the same time period 98 selected communities (communities that had shifted each year: FY1992-FY2006), had shown a similar large decrease (Figure 2). The most significant drop occurred during the period of FY2000 to FY2006. During that time period there was a decrease in the CIP as a percent of total value of 27.6 percent for all communities and a similar decrease for the selected communities. While there was

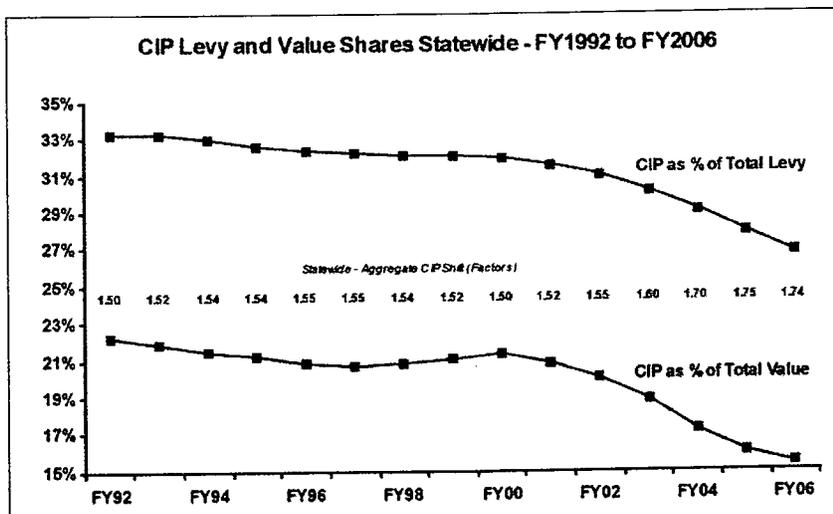


Figure 1

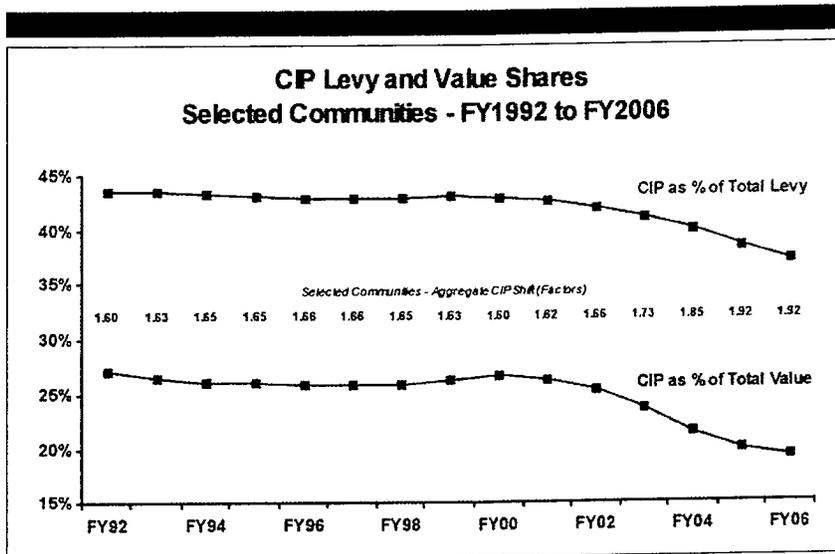


Figure 2

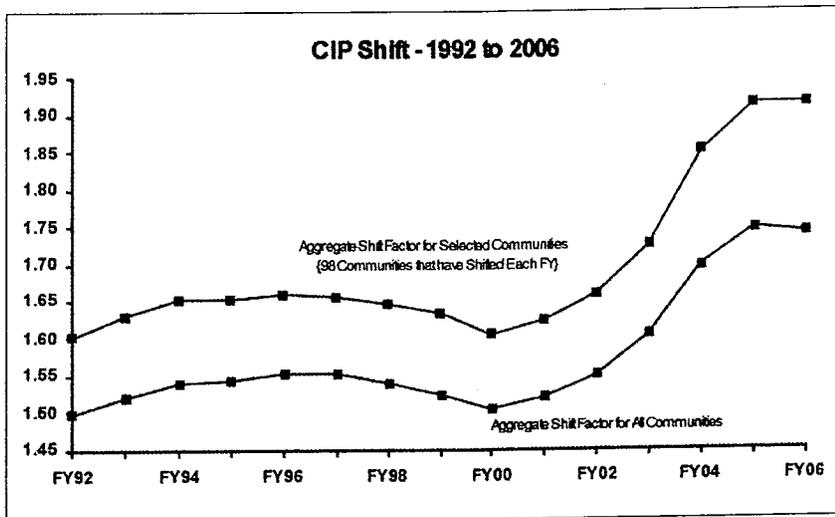


Figure 3

a somewhat parallel pattern shown by the statewide figures and the selected community figures, a comparison of Figure 1 and Figure 2 demonstrates the higher overall figures for the selected communities. The selected communities were running 5 percent higher on the percent of total value and 10 percent higher on the percent of total levy. This is significant because it has an effect on the ability to shift. If a community has an extraordinary proportion of their value in the CIP classes they can't shift that much because the residential share would drop too low.

Additionally, in the instance of a community that has, for example, 20 percent of their value as CIP; the maximum shift in the CIP of 50 percent (under the acts of 1979) would result in a CIP as a percent of the levy of 30 percent. If the CIP as a percent of total value dropped to 18 percent, the maximum shift in the CIP of 50 percent (under the acts of 1979) would result in a CIP as a percent of the levy of 27 percent, a change in the balance between R+O and CIP.

The purpose of Chapter 200 was to help keep the CIP percent of total levy somewhat constant. Using the example

above, if the CIP as a percent of total value dropped to 18 percent, the maximum shift in the CIP of 75 percent (under Chapter 200) would result in a CIP as a percent of the levy of 31.5 percent, a chance to maintain the balance between R+O and CIP.

Through Figure 2, it can be seen that this was, for the most part, what occurred from FY1992 through FY2000. The situation shows a dramatic change, though, from FY 2000 through FY 2006. The rapid decrease in the CIP as a percent of total value was in turn causing a rapid decrease in the CIP as a total percent of total levy.

**A reaction to the changing circumstances**

The decrease in the CIP as a percent of total value resulted in a reciprocal increase in the aggregate shift factor. The aggregate shift factor of the selected communities moved quite rapidly from 1.60 in FY2000 to 1.92 in FY2006 (Figure 3). This is opposite of the movement of the CIP as a percent of total value during the same period (Figures 2) which moved, again, quite rapidly downward during the same time period. The communities were attempting to keep the CIP as a percent of total levy stable, thereby keeping the existing balance between the residential portion of the levy and CIP portion of the levy. There was a need to shift more and more to the shrinking CIP base to keep the same balance. Communities were doing this by shifting to even greater degrees but they were losing ground. The upward movement of the shift factor was not able to keep pace with the downward movement of the CIP as a percent of value. This resulted in a drop in the CIP as a percent of the levy from 43.4 percent in FY1992 to 36.9 percent in FY2006.

**The impact**

The number of communities shifting to their maximum had ranged from a low of 13 in FY1993 to a high of 24 in

FY2003 and the number of communities within 5 points of their maximum shift ranged from a low of 27 in FY1996 to a high of 44 in FY2004. While these variations may initially seem small, there was an almost 63 percent increase in the number of communities that were within 5 points of their maximum allowable shift. The largest number of communities, within 5 points of their maximum shift, occurred in the years of FY 2003 (40 of 99 communities shifting), just before Chapter 3 of the Acts of 2004 (see explanation below), and in FY2004 (44 of 103 communities shifting), the first year a shift greater than 1.75 could be utilized. (See Figure 4.)

Under Chapter 3 of the Acts of 2004, there were expanded parameters for fiscal years 2004, 2005, 2006 and 2007. A community continued to have its maximum shift computed under current law in each of those years. If adopting that shift resulted in residential taxpayers paying a greater share of the tax levy than the prior year, the shift was then further adjusted upward using that year's expanded parameters.

The expanded parameters for determining the maximum shifts for communities that qualify would be:

Fiscal year	Maximum business share (pct.)	Minimum residential share (pct.)
2004	200	45
2005	197	47
2006	190	49
2007	183	50

There was an additional limitation that residential taxpayers could not pay a lower share of the tax levy than in the prior year.

In fiscal year 2008, communities that used expanded parameters in any of these years will have their maximum shift determined as under current law. Based on the current legislation, beginning in fiscal year 2009, the maximum shift in these communities will be based on business taxpayers paying no more

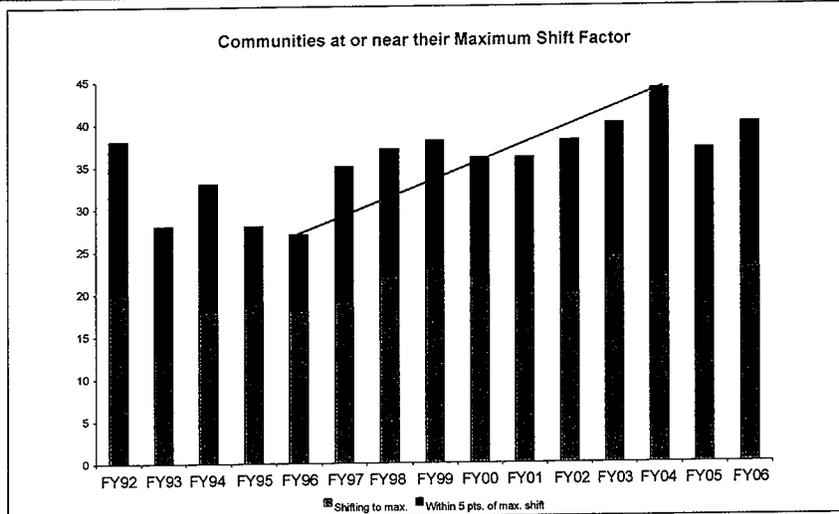


Figure 4

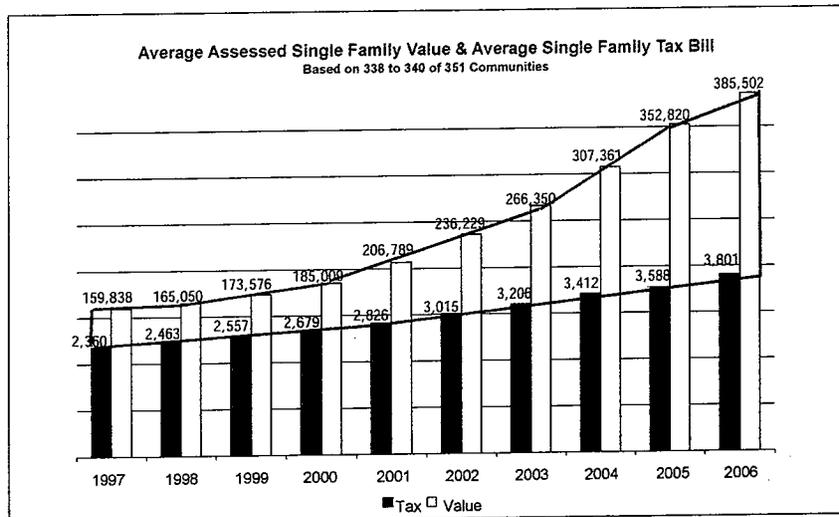


Figure 5

than 170 percent of their fair cash value share of the tax levy.

It's important to note the impact on the average residential tax bill that was mitigated by the use of shifting (Figure 5). While the average single family assessed value had increased from \$159,838 in FY1997 to \$385,502 in FY2006, an increase of 141 percent, the increase in the average tax bill for these properties, during the same period was from \$2,360 to \$3,801, an increase of 61 percent (based on 338 to 340 communities out of the total 351 communities\*). During the time frame,

FY2001 to FY2005, when there was a rapid increase in single family assessed value, the average valuation increase was 12 percent per year while the average increase in the corresponding tax bill was 5.7 percent per year.

The statistics surrounding the decreasing CIP values and the corresponding decreasing CIP share along with the increasing shift factors demonstrates the changes confronting communities in an environment of rapidly increasing residential values along with the stagnant



wood pellets. On a \$/BTU basis, bulk wood pellets priced at about \$200 per ton is the equivalent of paying \$1.72/gallon for heating oil. It is worth noting that the average residential heating oil price has not been lower than \$1.80/gallon since late 2004.

To help educate potential commercial/institutional scale users on the benefits of wood pellets, DOER is developing a Wood Pellet Heating Guide, which will soon be available for download on the DOER website.

**Additional Resources**

Massachusetts Division of Energy Resources: [www.mass.gov/doer](http://www.mass.gov/doer)

Massachusetts Procurement — Statewide Contracts and Solicitations: [www.comm-pass.com/](http://www.comm-pass.com/)

National Biodiesel Board: [www.biodiesel.org/](http://www.biodiesel.org/)

Pellet Fuels Institute: [www.pelletheat.org/2/index/index.html](http://www.pelletheat.org/2/index/index.html)

**Energy Efficiency Opportunities**

Consistent with its mission as an agency (to improve and streamline energy regulation, promote greater efficiency in all energy uses, reduce energy costs and mobilize energy education), DOER coordinates and leads several energy efficiency deployment programs including Energy Management Services and Rebuild Massachusetts. DOER conducts outreach to target communities, publicizes local ownership results and success stories, recruits other state agencies, and identifies relevant state technical and financial resources.

The specific objective is to provide support and leadership to state and local entities focusing on energy efficiency and sustainability, provide ongoing technical and logistical support and disseminate the results as models to communities and stakeholders to stimulate further adoption of resource efficiency as a standard part of planning and implementing energy effi-

ciency investments. This comprehensive approach identifies opportunities where, 1) action has already been taken, 2) have current or potential projects in target sectors, or 3) have the potential for municipal energy management planning.

In response to communities that have organized Energy Committees or Commissions, DOER recently launched the Energy Smart Communities Network to advance state and community energy-savings efforts, fostering connections between cities and towns, disseminating information and facilitating discussions focused on energy efficiency projects. The Network listserv brings together communities and individuals seeking sustainable energy solutions with their counterparts in other cities and towns.

If there is something particular you are looking for, or if you are just interested in what other communities have done, the directory will be able to assist you. Agencies must be willing to, 1) share information on local activities with other members, and 2) keep contact information up-to-date.

Any community that has an Energy and/or Environmental Committee or Commission or lead office dedicated to energy management can become a member of the network. Communities are asked to share information about their goals and activities.

DOER maintains and updates an address list of everyone who subscribes to the Energy Smart Network. When someone wants to post a message, s/he just sends an e-mail to the list address. Everyone on the list will receive that message. If the topic is of general interest, list members are encouraged to respond or comment by replying to the list. Anyone interested may join online at [www.mass.gov/doer](http://www.mass.gov/doer).

**Editor's note:** This article represents the opinions and conclusions of the authors and not those of the Department of Revenue.

and sometimes declining commercial values. Chapter 3 of the Acts of 2004, in allowing a greater level of shift, helped in the effort to stabilize the CIP as a percent of total levy. While the increasing level of shifting was a tool, a reversal of the decreasing CIP value as a percent of total value would address the root of the situation causing the need for greater and greater shifting levels. That reversal could be in the form of a "slow down" in the rate of increase of residential real estate values, which has taken place, in the market, during last year and into this year. Additionally, there has been a simultaneous increase in commercial and industrial property values. These market conditions should help decrease the need to shift to greater levels to stabilize the CIP as a percent of the total levy. ■

**\*Data for the 11 communities that have adopted a residential exemption are excluded from this file because they do not submit adequate data to determine an average tax bill. The 11 communities are Boston, Brookline, Cambridge, Chelsea, Marlborough, Nantucket, Somerset, Somerville, Tisbury, Waltham, and Watertown. The residential exemption reduces the taxable valuation of each residential parcel that is a taxpayer's principal residence. Granting the exemption raises the residential tax rate and shifts the residential tax burden from low and moderately valued homes to apartments and higher valued homes. In FY06, Barnstable and Everett adopted a residential exemption to make 13 communities.**