TOWN of FOXBOROUGH
BOARD of SELECTMEN

CLASSIFICATION HEARING

December 3, 2013

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

INDEX

EXECUTIVE SUMMARY

FY '14 TAX LEVY

- The Tax Levy is increasing by $1.38 million or 3.6%. The increase is comprised of:
  2.28%, or $873K, as allowed by Proposition 2 1/2
  -0.18%, or -$70K in decreased Excluded Debt due to scheduled amortization of existing debt & no new debt.
  So the total tax increase on pre-existing property is 2.10% or $803 thousand.
  New Growth taxes add 1.51% to the levy, or $576K.

- We continue to tax to the limits allowed by proposition 2 1/2 for the 17th consecutive year
  However, Foxborough has no General Overrides built into the levy.
  Whereas 10 out of 15 area communities have an average additional General Override levy capacity of $4.4 million.

FY '14 PROPERTY VALUES

- FY '14 total taxable property value declined by 1.73% , or $45MM
  - Avg. Single Family Residential values *(including condominiums) decreased* by 1.24%
  - Avg. Commercial & Industrial values decreased by 7.11%
  - Over the last 10 years the average Residential value has increased by $25K or 7%
  - Adjusted for inflation the decrease over the last 10 years has been much greater at -$37K, or -13.5%
- The average Single Family property value *(including condominiums)* has decreased in FY '14 by $4.5K to ~$360K
- The average Single Family property value *(excluding Condos)* has decreased in FY '14 by $3.5K to $372.4K
- Residential class of property totals 75.94% of all property value, which is a significant increase over last year
  - The remaining 24.06% of property value is associated with Commercial, Industrial and Personal Property classes
  - Over the last four years Residential property has increased from a low of 72.8% (FY '10) of the total valuation to the current 75.94%
  - This shift results in the continuing trend of more of the tax burden falling on residential taxpayers than on business taxpayers
  - However in FY '12 the BOS equalized this trend by splitting the tax rate which had the effect of maintaining the tax burden split of FY '10
  - In FY '13 the BOS still split the tax rate, but moved away from the FY '10 & '12 split of the tax burden in favor of business taxpayers
- The tax impact to all Residential taxpayers in FY '14 resulting from this four year trend in value shifting away from business taxpayers, is $1.24MM, or ~$226 on avg., in additional tax burden in FY '14 alone, if the Town reverted to a single tax rate. (see analysis on p's.5, 8 & 14)

FY '14 TAX RATE

- Assuming no split tax rate, then the tax rate per $1,000 in assessed value will increase by 6.5%, or $0.95, for Residential classes, and will increase by 2.4%, or $0.36, for Business classes of property.
  - Assuming a single rate, then over the last 10 years the tax rate would have increased in total by $4.66, from $10.83 to $15.49
- Assuming the current split was maintained, the Residential tax rate would increase by $0.44 to $14.98, and the Business rate would increase by $1.96 to $17.09
- Assuming the tax rate that maintains the FY '10 & '12 share of burden, the Residential tax rate would increase by $0.31 to $14.85, and the Business rate would increase by $2.38 to $17.51

FY '14 TAX BILL

ASSUMING A SINGLE TAX RATE:

- Average Single Family tax *(including condominiums)* would increase by 5.21%, or $276, to $5,576
- Average Single Family tax *(excluding condominiums)* would increase by 5.54%, or $303, to $5,769
- Over the last 10 years the average Residential tax bill would have increased by $1,944, or $194 per year
- Average Commercial tax would decline by 6.63%, or -$1,684 to $23,729
- Average Industrial tax would decline by 0.38%, or $37 to $9,692
- Average Personal Property tax would decrease by 2.24%, or $53 to $2,319

ASSUMING CURRENT SPLIT MAINTAINED:

- Average Single Family tax *(including condominiums)* would increase by 1.75%, or $93, to $5,392
- Average Single Family tax *(excluding condominiums)* would increase by 2.06%, or $113, to $5,579
- Over the last 10 years the average Residential tax bill would have increased by $1,949, or $195 per year
- Average Commercial tax would increase by 3.02%, or $767 to $26,180
- Average Industrial tax would increase by 9.91%, or $964 to $10,693
- Average Personal Property tax would increase by 7.86%, or $186 to $2,558

ASSUMING SPLIT THAT MAINTAINS THE FY '10 & '12 SHARE of BURDEN:

- Average Single Family tax *(including condominiums)* would increase by 0.87%, or $46, to $5,345
- Average Single Family tax *(excluding condominiums)* would increase by 1.17%, or $64, to $5,530
- Over the last 10 years the average Residential tax bill would have increased by $1,898, or $190 per year
- Average Commercial tax would increase by 5.55%, or $1,411 to $26,823
- Average Industrial tax would increase by 12.61%, or $1,227 to $10,956
- Average Personal Property tax would increase by 10.51%, or $249 to $2,621

- In FY '14, assuming a single tax rate, the top 12 taxpayers would comprise 14.53%, or $5.76 million, of the tax levy
- The remaining business taxpayers, would comprise 12.8%, or $5.07 million, of the tax levy

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

- Foxborough's FY '13 total valuation ($1.59 billion) of Single Family property is 15.2% less than the FY '13 average of the 15 area communities ($1.88 billion) listed on page 12
  - 10 of the 15 towns had higher total valuations than Foxborough in FY '13
- Foxborough's FY '13 total number of Single Family parcels (4,241) is 16.4% less than the average of the 15 area communities (5,073)
  - 12 of the 15 towns had higher total single family parcels than Foxborough in FY '13
- Foxborough's FY '13 average Single Family valuation ($375.9K) is 0.83% higher than the average of the 15 area communities ($372.8K)
  - 5 of the 15 towns had higher average single family values than Foxborough in FY '13
- Foxborough's FY '13 average Single Family tax bill ($5,466) is 1.8% less than the average of the 15 area communities ($5,565)
  - 7 of the 15 towns had higher average single family tax bills than Foxborough in FY '13
  - In FY '13 Foxborough's avg. residential tax bill ranked 84th in the State out of the 338 with certified tax rates
- **Nine of the 15 area communities adopted a "split" tax rate structure *(i.e., Residential rate lower than Business rate) in FY '13***

SHIFTING THE FY '14 TAX BURDEN FROM RESIDENTIAL TO BUSINESS

- The Board of Selectmen has the option annually to maintain a single tax rate or establish a "split" tax rate *(see page 15 for Classification Considerations)*
- Shifts in the Residential Factor of up to 15.84% of the total tax burden can be approved by the Board
- For example: *(see page 14 for a wider range of options)*
  - A 0.32% shift would reduce the average Residential tax bill by $17.64 and conversely increase the average business tax bill by $91.36
  - A 3.27% shift would reduce the average Residential tax bill by $179.96 and conversely increase the average business tax bill by $974.53
  - A 4.13% shift would reduce the average Residential tax bill by $225.83 and conversely increase the average business tax bill by $1,230.34
  - A 15.84% shift would reduce the average Residential tax bill by $864.52 and conversely increase the average business tax bill by $4,714.29
- The Board of Assessors will make a recommendation at the meeting.

TAX LEVY COMPARISON
Current Split (FY '13) Maintained 73.46% / 26.54%
FY 2013 to FY 2014
Town of Foxborough

			Change	
	FY 2013	FY 2014	$	%
All Property				
Tax Levy	38,260,057	39,638,891	1,378,833	**3.60%**
Property Values	2,604,132,810	2,558,998,750	(45,134,060)	-1.73%
Rate - Residential	14.54	14.98	0.44	3.03%
Rate - Business	15.13	17.09	1.96	12.95%
Residential & Condominium				
Average Value	364,469	359,956	(4,513)	-1.24%
Number of Parcels	4,715	4,745	30	0.64%
Average Tax	5,299	5,392	93	**1.75%**
Residential (101)				
Average Value	375,948	372,424	(3,524)	-0.94%
Number of Parcels	4,241	4,265	24	0.57%
Average Tax	5,466	5,579	113	**2.06%**
Commercial				
Average Value	1,679,597	1,531,864	(147,733)	-8.80%
Number of Accounts	305	304	(1)	-0.33%
Average Tax	25,412	26,180	767	**3.02%**
Industrial				
Average Value	643,059	625,701	(17,358)	-2.70%
Number of Accounts	92	93	1	1.09%
Average Tax	9,729	10,693	964	**9.91%**
Personal Property				
Average Value	156,746	149,680	(7,066)	-4.51%
Number of Accounts	636	614	(22)	-3.46%
Average Tax	2,372	2,558	186	**7.86%**

TAX LEVY COMPARISON
Single Rate (No Split) 75.94% / 24.06%
FY 2013 to FY 2014
Town of Foxborough

			Change	
	FY 2013	FY 2014	$	%
All Property				
Tax Levy	38,260,057	39,638,891	1,378,833	**3.60%**
Property Values	2,604,132,810	2,558,998,750	(45,134,060)	-1.73%
Rate - Residential	14.54	15.49	0.95	6.53%
Rate - Business	15.13	15.49	0.36	2.38%
Residential & Condominium				
Average Value	364,469	359,956	(4,513)	-1.24%
Number of Parcels	4,715	4,745	30	0.64%
Average Tax	5,299	5,576	276	**5.21%**
Residential (101)				
Average Value	375,948	372,424	(3,524)	-0.94%
Number of Parcels	4,241	4,265	24	0.57%
Average Tax	5,466	5,769	303	**5.54%**
Commercial				
Average Value	1,679,597	1,531,864	(147,733)	-8.80%
Number of Accounts	305	304	(1)	-0.33%
Average Tax	25,412	23,729	(1,684)	**-6.63%**
Industrial				
Average Value	643,059	625,701	(17,358)	-2.70%
Number of Accounts	92	93	1	1.09%
Average Tax	9,729	9,692	(37)	**-0.38%**
Personal Property				
Average Value	156,746	149,680	(7,066)	-4.51%
Number of Accounts	636	614	(22)	-3.46%
Average Tax	2,372	2,319	(53)	**-2.24%**

TAX LEVY COMPARISON
FY '10 & '12 Split Maintained 72.8% / 27.2%
FY 2013 to FY 2014
Town of Foxborough

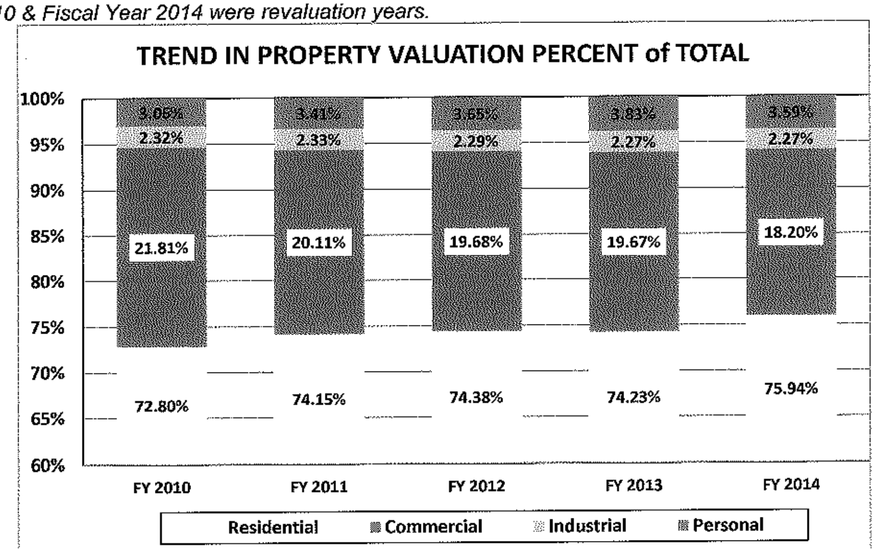
	FY 2013	FY 2014	Change $	Change %
All Property				
Tax Levy	38,260,057	39,638,891	1,378,833	**3.60%**
Property Values	2,604,132,810	2,558,998,750	(45,134,060)	-1.73%
Rate - Residential	14.54	14.85	0.31	2.13%
Rate - Business	15.13	17.51	2.38	15.73%
Residential & Condominium				
Average Value	364,469	359,956	(4,513)	-1.24%
Number of Parcels	4,715	4,745	30	0.64%
Average Tax	5,299	5,345	46	**0.87%**
Residential (101)				
Average Value	375,948	372,424	(3,524)	-0.94%
Number of Parcels	4,241	4,265	24	0.57%
Average Tax	5,466	5,530	64	**1.17%**
Commercial				
Average Value	1,679,597	1,531,864	(147,733)	-8.80%
Number of Accounts	305	304	(1)	-0.33%
Average Tax	25,412	26,823	1,411	**5.55%**
Industrial				
Average Value	643,059	625,701	(17,358)	-2.70%
Number of Accounts	92	93	1	1.09%
Average Tax	9,729	10,956	1,227	**12.61%**
Personal Property				
Average Value	156,746	149,680	(7,066)	-4.51%
Number of Accounts	636	614	(22)	-3.46%
Average Tax	2,372	2,621	249	**10.51%**

PROPERTY CLASSIFICATION & VALUATION HISTORY
FY 2010 - FY 2014

Town of Foxborough

	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		
Property Type	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	5 Year CAGR
Residential	2,031,070,206	72.80%	1,982,409,037	74.15%	1,931,546,888	74.38%	1,933,003,724	74.23%	1,943,218,045	75.94%	-1.32%
# of Accts.	5,481	83.31%	5,490	83.40%	5,487	84.03%	5,498	84.18%	5,507	84.49%	
Commercial	608,528,294	21.81%	537,738,063	20.11%	511,097,212	19.68%	512,277,176	19.67%	465,686,755	18.20%	-1.54%
# of Accts.	294	4.47%	294	4.47%	306	4.69%	305	4.67%	304	4.66%	
Industrial	64,756,600	2.32%	62,161,100	2.33%	59,446,100	2.29%	59,161,400	2.27%	58,190,200	2.27%	-6.74%
# of Accts.	91	1.38%	91	1.38%	92	1.41%	92	1.41%	93	1.43%	
Personal	85,431,150	3.06%	91,179,960	3.41%	94,868,460	3.65%	99,690,510	3.83%	91,903,750	3.59%	5.12%
# of Accts.	713	10.84%	708	10.75%	645	9.88%	636	9.74%	614	9.42%	
Total Valuation	2,789,786,250	100.00%	2,673,488,160	100.00%	2,596,958,660	100.00%	2,604,132,810	100.00%	2,558,998,750	100.00%	-1.31%
Total Accounts	6,579	100.00%	6,583	100.00%	6,530	100.00%	6,531	100.00%	6,518	100.00%	

Please Note:
Fiscal Year 2010 & Fiscal Year 2014 were revaluation years.



TAX IMPACT of PROPERTY VALUATION SHIFTS
From FY 2010 to FY 2014
Town of Foxborough

Property Type	FY 2010 Total Assessed Valuation	FY 2010 % of Total	FY 2011 Total Assessed Valuation	FY 2011 % of Total	FY 2012 Total Assessed Valuation	FY 2012 % of Total	FY 2013 Total Assessed Valuation	FY 2013 % of Total	FY 2014 Total Assessed Valuation	FY 2014 % of Total	FY 2010 - 2012 % Shift	FY 2010 - 2014 % Shift
Residential	2,031,070,206	72.80%	1,982,409,037	74.15%	1,931,546,888	74.38%	1,933,003,724	74.23%	1,943,218,045	75.94%	**1.57%**	**3.13%**
Commercial (C)	608,528,294	21.81%	537,738,063	20.11%	511,097,212	19.68%	512,277,176	19.67%	465,686,755	18.20%	-2.13%	-3.61%
Industrial (I)	64,756,600	2.32%	62,161,100	2.33%	59,446,100	2.29%	59,161,400	2.27%	58,190,200	2.27%	-0.03%	-0.05%
Personal (P)	85,431,150	3.06%	91,179,960	3.41%	94,868,460	3.65%	99,690,510	3.83%	91,903,750	3.59%	0.59%	0.53%
Total CIP	758,716,044	27.20%	691,079,123	25.85%	665,411,772	25.62%	671,129,086	25.77%	615,780,705	24.06%	-1.57%	-3.13%
Total Valuation	2,789,786,250	100.00%	2,673,488,160	100.00%	2,596,958,660	100.00%	2,604,132,810	100.00%	2,558,998,750	100.00%	0.00%	0.00%

FY '14 Tax Levy	39,638,891
4 Year % Shift to Residential	**3.13%**
Tax Burden Shift	**1,241,832**

A Split Tax Rate of $14.85 Residential and $17.51 Business would shift the $1.24MM to Business taxpayers and result in the following changes:

Average Residential Tax Reduction $ 45.87 compared to current split.

Average CIP Tax Increase $ 255.81 compared to current split.

The Residential Factor to effect this split tax rate would by 0.958741.

TAX LEVY RECAP
FY 2013 vs. FY 2014

Town of Foxborough

	FY 2013	FY 2014	Change $	Change %
REVENUE USES:				
Appropriations	63,547,803	64,488,447	940,644	1.48%
State Assessments	1,903,935	1,899,904	(4,031)	-0.21%
Cherry Sheet Offsets	33,913	30,361	(3,552)	-10.47%
Snow & Ice Deficit	95,560	327,227	231,667	242.43%
Prior Year Allowance for Abatements Deficit	67,728	26,822	(40,906)	-60.40%
Allowance for Abatements & Exemptions	564,226	549,974	(14,252)	-2.53%
Total Revenue to be Raised	66,213,166	67,322,736	1,109,570	1.68%
REVENUE SOURCES:				
NON-TAX REVENUE SOURCES:				
Cherry Sheet Receipts	10,232,451	10,350,753	118,302	1.16%
Local Receipts	6,453,256	7,098,449	645,193	10.00%
Solid Waste Enterprise Fund	1,059,583	49,350	(1,010,233)	-95.34%
Water Enterprise Fund	4,257,827	5,254,217	996,390	23.40%
Sewer Enterprise Fund	1,282,807	1,200,512	(82,295)	-6.42%
Total Enterprise Revenue	6,600,217	6,504,079	(96,138)	-1.46%
Free Cash	2,743,838	2,381,358	(362,480)	-13.21%
Available Funds	1,923,346	1,349,206	(574,140)	-29.85%
Total Non-Tax Revenue Sources	27,953,109	27,683,845	(269,263)	-0.96%
TAX LEVY REQUIRED	38,260,057	39,638,891	1,378,833	3.60%
TOTAL TAX & NON-TAX REVENUE	66,213,166	67,322,736	1,109,570	1.68%

PROPOSITION 2 1/2 and TAX LEVY 10 YEAR HISTORY
FY 2005 - FY 2014
($ in 000's)

Town of Foxborough

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	10 Year CAGR
Prior Year's Levy Limit	22,249	23,295	24,403	25,619	26,708	28,545	31,490	32,571	33,971	35,341	
ADD: 2 1/2%	556	582	610	640	668	714	787	814	849	884	
ADD: New Growth	491	525	606	449	1,146	2,231	294	585	521	576	
Subtotal Levy Limit	23,295	24,403	25,619	26,708	28,522	31,490	32,571	33,971	35,341	36,800	5.16%
ADD: Debt Exclusions	816	1,550	1,574	1,853	1,306	1,420	2,036	2,444	2,933	2,862	
TOTAL Levy Available	24,111	25,952	27,193	28,561	29,828	32,909	34,607	36,414	38,273	39,663	5.60%
Actual Levy	24,098	25,933	27,167	28,554	29,826	32,892	34,595	36,409	38,260	39,639	5.59%
Unused Levy	14	20	26	7	2	18	12	5	13	24	
Tax Rate -Residential	10.93	10.32	9.92	10.65	10.91	11.79	12.94	13.73	14.54	15.49	3.64%
-Business								14.86	15.13	15.49	
Total Property Valuation	2,204,720	2,512,857	2,738,599	2,684,450	2,733,833	2,789,786	2,673,488	2,596,959	2,604,133	2,558,999	1.88%
Levy Ceiling (Outside Limit)	55,118	62,821	68,465	67,111	68,346	69,745	66,837	64,924	65,103	63,975	1.88%

LARGEST PROPERTY TAXPAYERS - Assumes Single Rate
FY 2014

Town of Foxborough

Business Name	Nature of Business	FY 2014 Assessed Valuation	FY 2014 Single Rate Tax Levy	FY 2014 % of Tax Levy
Foxboro Realty Associates & NPP LLC, Et Al	Sports, Entertainment & Mixed Use Real Estate	153,855,100	2,383,215	6.01%
Invensys Systems, Inc.	Process Controls	42,194,900	653,599	1.65%
Mayfair Realty Et Al (1)	Apartments	37,894,900	586,992	1.48%
Foxborough Lodge, L.P. (1)	Apartments	28,078,500	434,936	1.10%
Elm Lodge Co., LLC Et Al (1)	Apartments	17,702,400	274,210	0.69%
Medical Information Technology	Software & Services	15,395,000	238,469	0.60%
Panagopoulos, D & N	Real Estate	14,078,100	218,070	0.55%
Verizon	Communications	13,785,000	213,530	0.54%
Massachusetts Electric Co.	Electric Utility	13,692,680	212,100	0.54%
Rodman Et Al	Auto & Real Estate	12,823,700	198,639	0.50%
Quincy Foxboro, LLC	Office Buildings	11,604,500	179,754	0.45%
Harlfinger Charles E Trustee	Real Estate	10,739,600	166,356	0.42%
Sub-Total - Top 12 Accounts		371,844,380	5,759,869	14.53%
All Other Commercial, Industrial & Personal Property		327,612,125	5,074,712	12.80%
Total Commercial, Industrial & Personal Property (1)		699,456,505	10,834,581	27.33%

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

AVERAGE RESIDENTIAL TAX HISTORY

Single Family, Including Condominiums & Mixed Use

FY 2004 - FY 2014

Town of Foxborough

FY	# Parcels	Avg. Value	% Change	Tax Rate	Avg. Tax	% Change	$ Change
2014*	4,745	359,956	-1.24%	15.49	5,575.72	5.21%	276.35
2013	4,715	364,469	0.17%	14.54	5,299.37	6.07%	303.47
2012	4,704	363,867	-2.36%	13.73	4,995.90	3.61%	173.86
2011	4,688	372,646	-2.29%	12.94	4,822.04	7.24%	325.71
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
ACTUAL DOLLARS							
Cumulative Change	409	24,632	7.3%	4.66	1,944.16	53.5%	1,944.16
10 Year Avg. Change	41	2,463	0.7%	0.47	194.42	5.4%	194.42
INFLATION ADJUSTED DOLLARS							
Cumulative Change	NA	(36,710)	-13.5%	NA	697.74	23.7%	697.74
10 Year Avg. Change	NA	(3,671)	-1.4%	NA	69.77	2.4%	69.77

* *A single rate is assumed for FY 2014 for presentation purposes.*

COMMUNITY COMPARISONS of
FY 2011, 2012 & 2013 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	2013	1,171,165,825	1.18%	4,559	256,891	14.44	3,710	3.37%	70.38	Yes	0.94	204
	2012	1,157,491,425	-3.32%	4,531	255,460	14.05	3,589	3.34%	68.70	Yes	0.96	206
	2011	1,197,278,095	-3.70%	4,519	264,943	13.11	3,473	5.21%	69.43	Yes	0.94	206
Canton	2013	2,481,481,200	0.60%	5,328	465,743	12.30	5,729	3.67%	77.57	Yes	0.81	73
	2012	2,466,667,200	0.45%	5,316	464,008	11.91	5,526	3.41%	77.50	Yes	0.81	76
	2011	2,455,543,230	0.34%	5,307	462,699	11.55	5,344	6.71%	76.60	Yes	0.81	75
Easton	2013	2,063,838,100	-1.51%	5,576	370,129	15.80	5,848	3.65%	86.14	No		67
	2012	2,095,473,500	0.78%	5,553	377,359	14.95	5,642	3.56%	86.10	No		71
	2011	2,079,289,900	-4.71%	5,538	375,459	14.51	5,448	2.25%	85.77	No		68
Franklin	2013	2,651,054,200	-1.18%	7,618	347,999	14.34	4,990	3.06%	78.88	No		106
	2012	2,682,632,300	-2.24%	7,607	352,653	13.73	4,842	3.55%	79.20	No		104
	2011	2,744,081,800	-1.78%	7,599	361,111	12.95	4,676	5.41%	79.41	No		105
Mansfield	2013	1,916,810,700	-0.06%	5,315	360,642	14.89	5,370	3.99%	75.51	Yes	0.93	89
	2012	1,917,875,300	-0.03%	5,307	361,386	14.29	5,164	-0.23%	76.20	Yes	0.93	89
	2011	1,918,426,600	-3.31%	5,304	361,694	14.31	5,176	3.69%	76.94	Yes	0.94	83
Norfolk	2013	1,227,487,400	0.37%	2,921	420,228	17.10	7,186	3.74%	93.02	No		43
	2012	1,223,008,100	-0.09%	2,908	420,567	16.47	6,927	8.39%	93.00	No		43
	2011	1,224,054,600	-4.45%	2,892	423,255	15.10	6,391	2.08%	93.00	No		47
North Attleborough	2013	2,146,892,000	-0.10%	6,759	317,635	12.78	4,059	4.21%	79.02	No		173
	2012	2,148,935,400	0.59%	6,747	318,502	12.23	3,895	4.70%	78.80	Yes	0.99	174
	2011	2,136,357,600	-6.75%	6,731	317,391	11.72	3,720	4.35%	77.34	No		178
Norton	2013	1,231,725,050	-3.55%	4,376	281,473	14.92	4,200	6.22%	83.92	No		160
	2012	1,277,072,770	-3.37%	4,373	292,036	13.54	3,954	3.16%	83.60	No		172
	2011	1,321,629,960	-5.63%	4,372	302,294	12.68	3,833	3.29%	83.59	No		171
Norwood	2013	2,127,873,500	0.18%	5,824	365,363	11.04	4,034	4.45%	69.68	Yes	0.78	176
	2012	2,124,006,700	0.66%	5,818	365,075	10.58	3,862	5.46%	69.60	Yes	0.78	178
	2011	2,110,003,800	-1.58%	5,819	362,606	10.10	3,662	6.39%	69.30	Yes	0.79	181
Plainville	2013	606,380,700	-3.65%	1,919	315,988	14.47	4,572	-0.82%	72.63	Yes	0.98	132
	2012	629,381,200	0.63%	1,910	329,519	13.99	4,610	3.48%	76.30	No		118
	2011	625,436,200	-5.57%	1,905	328,313	13.57	4,455	0.97%	76.46	No		118
Sharon	2013	2,212,763,100	2.03%	5,272	419,720	20.45	8,583	3.29%	92.07	No		24
	2012	2,168,739,500	0.60%	5,248	413,251	20.11	8,310	3.50%	91.90	No		25
	2011	2,155,888,600	-3.53%	5,228	412,373	19.47	8,029	4.52%	92.34	No		24
Stoughton	2013	1,777,798,800	-0.55%	6,518	272,752	15.07	4,110	3.29%	78.48	Yes	0.86	169
	2012	1,787,584,600	-3.40%	6,514	274,422	14.50	3,979	3.11%	78.30	Yes	0.86	167
	2011	1,850,538,700	-5.33%	6,508	284,348	13.57	3,859	3.07%	78.13	Yes	0.86	169
Walpole	2013	2,584,040,700	0.19%	6,387	404,578	15.40	6,231	8.55%	85.87	Yes	0.96	56
	2012	2,579,241,700	0.94%	6,312	405,924	14.14	5,740	3.65%	86.30	Yes	0.96	67
	2011	2,555,112,500	-2.53%	6,354	404,802	13.68	5,538	4.83%	86.13	Yes	0.96	63
Westwood	2013	2,794,896,600	0.29%	4,481	623,722	14.89	9,287	2.97%	86.73	Yes	0.90	17
	2012	2,786,741,900	0.26%	4,474	622,875	14.48	9,019	4.95%	86.70	Yes	0.90	19
	2011	2,779,570,900	-2.37%	4,473	621,411	13.83	8,594	3.23%	86.55	Yes	0.90	20
Wrentham	2013	1,200,815,700	-2.35%	3,247	369,823	15.07	5,573	1.79%	79.47	Yes	0.96	79
	2012	1,229,708,000	0.76%	3,241	379,422	14.43	5,475	2.72%	81.30	Yes	0.97	79
	2011	1,220,454,000	-4.60%	3,224	378,553	14.08	5,330	2.26%	80.97	Yes	0.97	76
Average	**2013**	**1,879,668,238**	**-0.28%**	**5,073**	**372,846**	**14.86**	**5,565**	**3.66%**	**80.63**	**9 Yes / 6 No**		**105**
Average	**2012**	**1,884,970,640**	**-0.35%**	**5,057**	**375,497**	**14.23**	**5,369**	**3.88%**	**80.90**	**9 Yes / 6 No**		**106**
Average	**2011**	**1,891,577,766**	**-3.38%**	**5,052**	**377,417**	**13.62**	**5,169**	**3.78%**	**80.80**	**8 Yes / 7 No**		**106**
FOXBOROUGH	**2014**	**1,588,387,100**	**-0.38%**	**4,265**	**372,424**	**15.49**	**5,769**	**5.54%**	**75.94%**	**?**	**?**	**NA**
FOXBOROUGH	**2013**	**1,594,393,900**	**-0.09%**	**4,241**	**375,948**	**14.54**	**5,466**	**5.65%**	**74.23%**	**Yes**		**84**
FOXBOROUGH	**2012**	**1,595,863,400**	**-2.05%**	**4,235**	**376,827**	**13.73**	**5,174**	**3.61%**	**74.38%**	**Yes**		**88**
FOXBOROUGH	**2011**	**1,629,281,800**	**-1.51%**	**4,222**	**385,903**	**12.94**	**4,994**	**7.79%**	**74.15%**	**No**		**89**

Source: Massachusetts DOR Division of Local Services Municipal Databank.

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

	Value	Tax Rate	Tax	% Change	$ Change	Voted Res Factor	Factor % Shift	% Share of Burden Residential	% Share of Burden Business
No Classification									
Average Residential	352,863	**15.49**	5,465.85	0.00%	-	**1.000000**	0.00%	**75.94%**	**24.06%**
Average CIP	609,081	**15.49**	9,434.66	0.00%	-				
1.01 CIP Shift									
Average Residential	352,863	15.44	5,448.21	-0.32%	(17.64)	0.996831	0.32%	75.70%	24.30%
Average CIP	609,081	15.64	9,526.02	0.97%	91.36				
1.02 CIP Shift									
Average Residential	352,863	15.39	5,430.57	-0.65%	(35.29)	0.993662	0.63%	75.46%	24.54%
Average CIP	609,081	15.80	9,623.48	2.00%	188.82				
1.03 CIP Shift									
Average Residential	352,863	15.34	5,412.92	-0.97%	(52.93)	0.990493	0.95%	75.21%	24.79%
Average CIP	609,081	15.95	9,714.84	2.97%	280.18				
1.04 CIP Shift									
Average Residential	352,863	15.29	5,395.28	-1.29%	(70.57)	0.987325	1.27%	74.97%	25.03%
Average CIP	609,081	16.11	9,812.29	4.00%	377.63				
1.05 CIP Shift									
Average Residential	352,863	15.24	5,377.64	-1.61%	(88.22)	0.984156	1.58%	74.73%	25.27%
Average CIP	609,081	16.26	9,903.65	4.97%	468.99				
1.06 CIP Shift									
Average Residential	352,863	15.20	5,363.52	-1.87%	(102.33)	0.980987	1.90%	74.49%	25.51%
Average CIP	609,081	16.42	10,001.11	6.00%	566.45				
1.07 CIP Shift									
Average Residential	352,863	15.15	5,345.88	-2.19%	(119.97)	0.977818	2.22%	74.25%	25.75%
Average CIP	609,081	16.57	10,092.47	6.97%	657.81				
1.08 CIP Shift									
Average Residential	352,863	15.10	5,328.24	-2.52%	(137.62)	0.974649	2.54%	74.01%	25.99%
Average CIP	609,081	16.73	10,189.92	8.01%	755.26				
1.10 CIP Shift									
Average Residential	352,863	15.00	5,292.95	-3.16%	(172.90)	0.968311	3.17%	73.53%	26.47%
Average CIP	609,081	17.04	10,378.74	10.01%	944.08				
1.1031 CIP Shift									
Average Residential	352,863	**14.98**	5,285.89	-3.29%	(179.96)	**0.967329**	**3.27%**	**73.46%**	**26.54%**
Average CIP	609,081	**17.09**	10,409.19	10.33%	974.53				
1.11 CIP Shift									
Average Residential	352,863	14.95	5,275.31	-3.49%	(190.55)	0.965142	3.49%	73.29%	26.71%
Average CIP	609,081	17.19	10,470.10	10.97%	1,035.44				
1.12 CIP Shift									
Average Residential	352,863	14.90	5,257.66	-3.81%	(208.19)	0.961974	3.80%	73.05%	26.95%
Average CIP	609,081	17.35	10,567.55	12.01%	1,132.89				
1.13 CIP Shift									
Average Residential	352,863	14.85	5,240.02	-4.13%	(225.83)	0.958805	4.12%	72.81%	27.19%
Average CIP	609,081	17.50	10,658.91	12.98%	1,224.25				
1.1302 CIP Shift									
Average Residential	352,863	**14.85**	5,240.02	-4.13%	(225.83)	**0.958741**	**4.13%**	**72.80%**	**27.20%**
Average CIP	609,081	**17.51**	10,665.01	13.04%	1,230.34				
1.14 CIP Shift									
Average Residential	352,863	14.80	5,222.38	-4.45%	(243.48)	0.955636	4.44%	72.57%	27.43%
Average CIP	609,081	17.66	10,756.37	14.01%	1,321.71				
1.15 CIP Shift									
Average Residential	352,863	14.75	5,204.73	-4.78%	(261.12)	0.952467	4.75%	72.33%	27.67%
Average CIP	609,081	17.81	10,847.73	14.98%	1,413.07				
1.20 CIP Shift									
Average Residential	352,863	14.51	5,120.05	-6.33%	(345.81)	0.936623	6.34%	71.12%	28.88%
Average CIP	609,081	18.59	11,322.81	20.01%	1,888.15				
1.25 CIP Shift									
Average Residential	352,863	14.26	5,031.83	-7.94%	(434.02)	0.920778	7.92%	69.92%	30.08%
Average CIP	609,081	19.36	11,791.80	24.98%	2,357.14				
1.30 CIP Shift									
Average Residential	352,863	14.02	4,947.14	-9.49%	(518.71)	0.904934	9.51%	68.72%	31.28%
Average CIP	609,081	20.14	12,266.89	30.02%	2,832.23				
1.40 CIP Shift									
Average Residential	352,863	13.53	4,774.24	-12.65%	(691.61)	0.873245	12.68%	66.31%	33.69%
Average CIP	609,081	21.69	13,210.96	40.03%	3,776.30				
1.50 CIP Shift									
Average Residential	352,863	13.04	4,601.34	-15.82%	(864.52)	0.841556	15.84%	63.91%	36.10%
Average CIP	609,081	23.23	14,148.95	49.97%	4,714.29				

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?

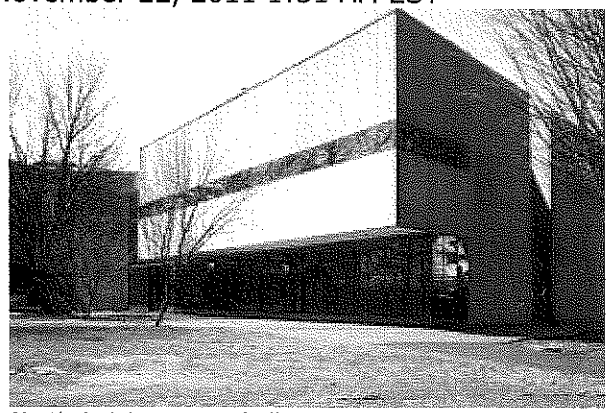
THE SUN CHRONICLE

Print Page

WEDNESDAY NOVEMBER 23, 2011 Last modified: Tuesday, November 22, 2011 1:31 AM EST

It's a dual tax rate for North

BY AMY DeMELIA SUN CHRONICLE STAFF



North Attleboro town hall

NORTH ATTLEBORO - Residential and business properties will be taxed at different rates for the first time since 2007, selectmen decided on Monday.

The board voted 3-2 with Selectmen Christopher Sweet and Paul Belham opposed, to switch to a dual tax rate.

A dual tax rate does not raise any additional revenue for the town. It merely shifts a bigger portion of the tax burden onto businesses.

Selectmen can vote for a shift of up to 50 percent, but settled for a 3 percent shift, meaning the residential tax rate will be about $12.24 while the commercial tax rate will be around $12.71 for every thousand dollars of a property's value. Those rates could change by a few pennies as the figures are finalized.

At that rate, a residential property owner with an assessed value of $325,000 would pay a tax bill of $3,978. Assuming that property had the same value last year, the homeowner would have paid a tax bill of $3,809.

Contrary to popular notions, a property owner's tax bill can increase more than 2.5 percent.

The tax-limiting law Proposition 2 1/2 says the town can only increase the overall revenue it collects from property taxes by 2.5 percent each year, plus any additional money generated from the construction of new buildings.

When property values decrease, the tax rate increases so the town can still collect all of that revenue.

Assessor John Bellissimo said residential values remained mostly flat, while commercial values declined by about 8 percent. As a result, the tax bills for residential properties would mostly increase, while tax bills for businesses would mostly decrease under a single tax rate.

Emerald Square mall, the town's largest taxpayer, saw a $26 million drop in its value, and is now assessed at $148 million. As a result, its annual tax bill will drop from $2 million to $1.8 million under the new commercial tax rate.

Looking over the impact of the tax rate, Selectwoman Joan Marchitto argued for a dual tax rate with a 5 percent shift.

"It makes it even; everyone takes a little hit here," she said.

Belham, who leases property in the industrial park for his business, disagreed, arguing it was unfair to tax businesses more because their property values dropped by thousands of dollars.

"A single rate draws business," he said. "In the three years we had a dual rate, six businesses left the industrial park. Call it a coincidence if you want, but we have a single rate now and the industrial park is full, with the exception of two small buildings," he said.

Selectmen Chairman John Rhyno said residents are having difficulty making ends meet and can ill afford the higher tax bills.

"Heating costs are going up and there's no more water in the well. They have to choose between food, heat and medicine," he said.

Sweet said the proposed single tax rate of $12.34 would be below the statewide average of $12.55.

"As much as it pains me to have an increase in my tax rate - my property tax bill is going to go up 5.3 percent - the single tax rate has helped attract businesses to this town," he said.

Selectman Michael Thompson initially said he would vote for a single tax rate, but was swayed by the discussion to change his vote.

"A 3 percent shift evens everything out," he said.

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* × *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
Total quarterly communities	222	$7,011,272,133
Semi-annual communities with split tax rate	21	$ 499,075,192
Semi-annual communities with single tax rate	108	$ 983,673,788
Total Semi-annual communities	129	$1,482,748,980
Total communities	**351**	**$8,494,021,113**

Table 1

Municipal Relief Act

continued from page three

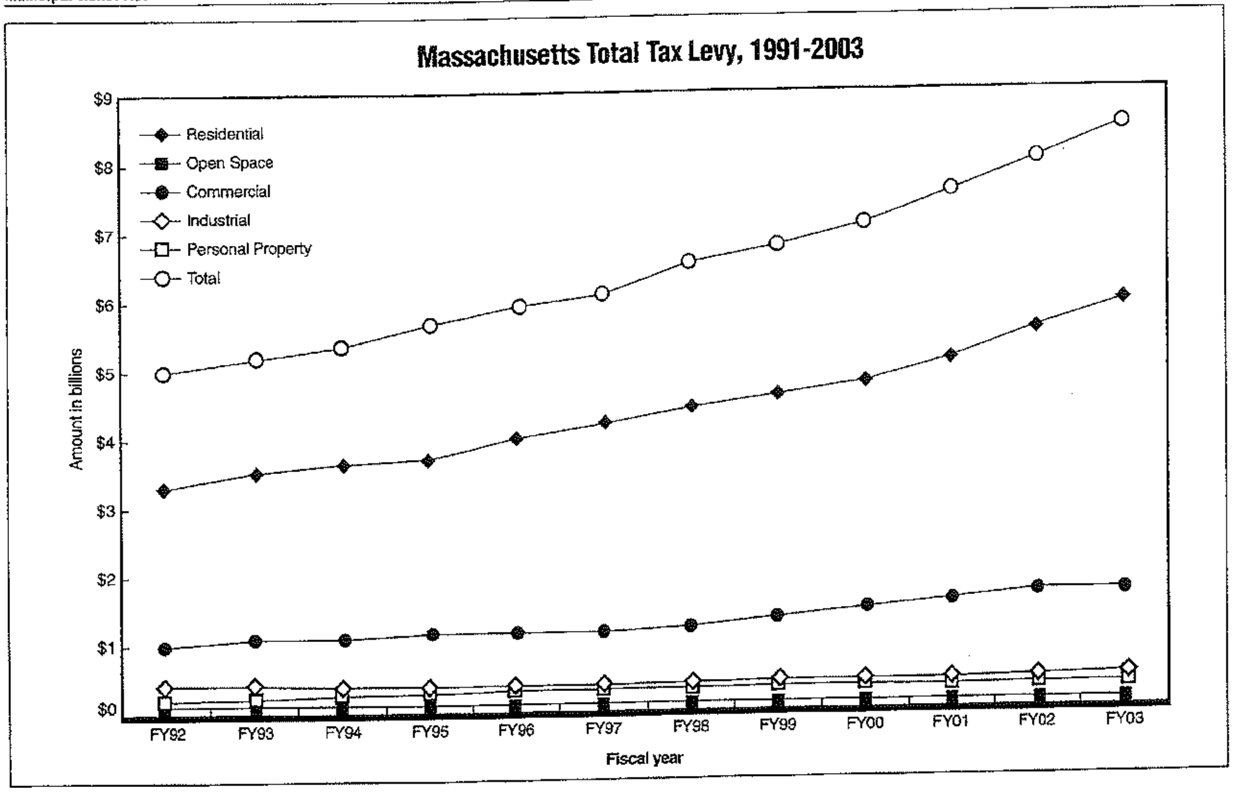


Figure 1

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.

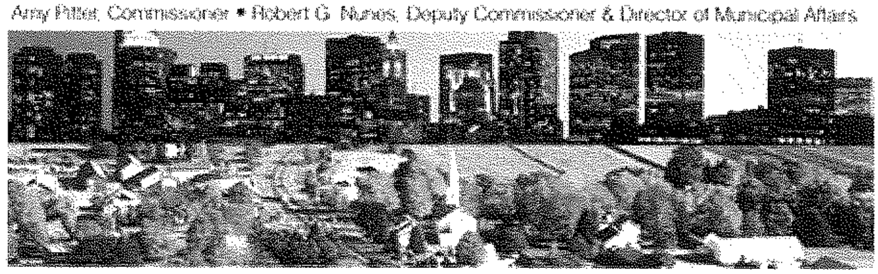
Table 2 compares tax levy information for FY02 and FY03 in each community. Statewide the total tax levy increased by nearly one-half billion dollars or 6.12 percent over FY02. Four of the communities added to their tax levy more than 25 percent (Monroe, Dunstable, Petersham, and Aquinnah). Another 48 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 outlay expenditure exclusion votes. ■

Randy Scollins

From: <dls_alerts@dor.state.ma.us>
To: <rscollins@mail.town.foxborough.ma.us>
Cc:
Date: 11/17/11 4:45 PM
Subject: City and Town - November 17, 2011

City and Town

Amy Pitter, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



A Publication of the Massachusetts Department of Revenue's Division of Local Services

Fiscal 2011 Average Single-Family Tax Bills and Assessed Values

Amy Handfield and Terry Williams, Bureau of Accounts and James Paquette, Bureau of Local Assessment

This article reviews fiscal year 2011 (FY11) single-family tax bills and property values across the Commonwealth. The average tax bill increased 3.35 percent while the average assessment declined 3.23 percent.

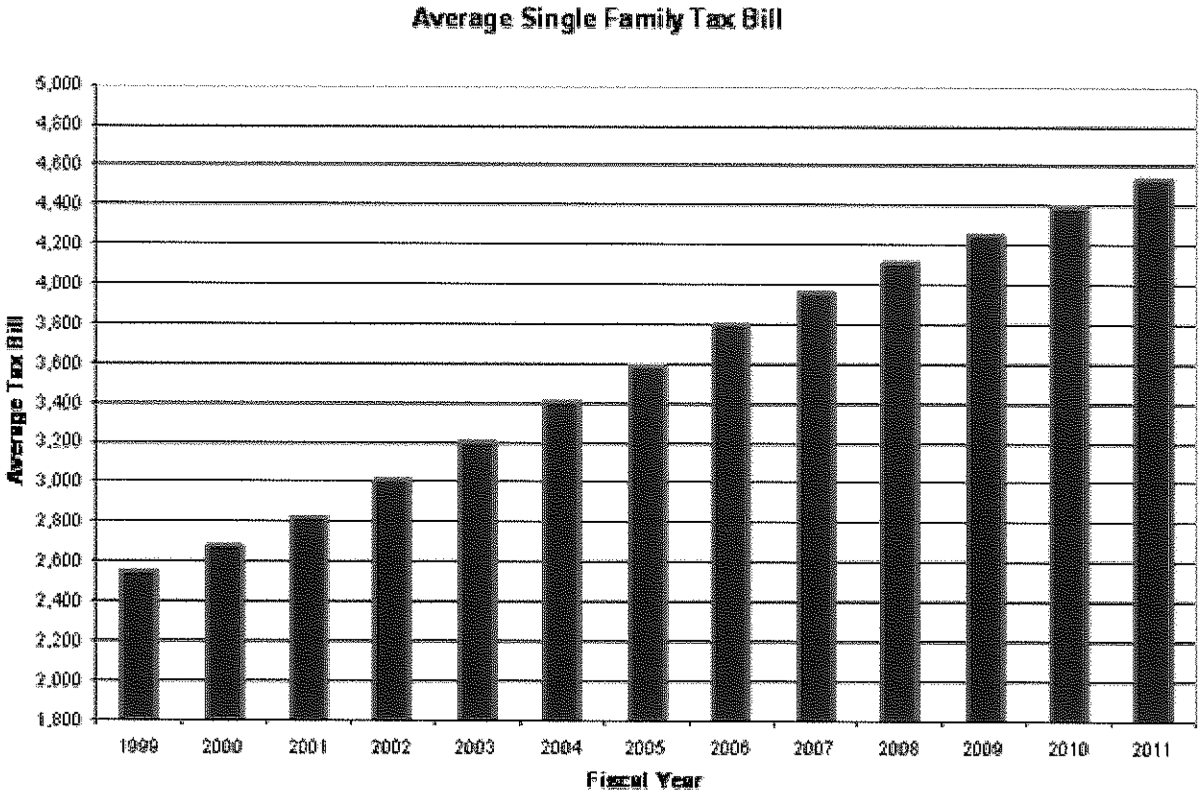
As in previous years, this article ranks communities statewide. It also highlights trends and discusses their impact on single-family tax bills. The analyses are based on FY11 data reported to the Department of Revenue□s Division of Local Services (DLS) by local assessors.

The data demonstrates little change across the Commonwealth since previous analysis in August of 2010. While home values have not plummeted, average home values are continuing a steady decline while property taxes continue to rise in accordance with Proposition 2 ½ .

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

The 13 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. Therefore, our analysis covers the remaining 338 communities.

In 2011 the average tax bill increased by $147 or 3.35 percent, to $4,537, a slight increase from 2010. The below chart shows the steady upward trend of average tax bills since FY99:



A community□s tax rate is often foremost in the average taxpayer□s mind when comparing tax burdens amongst neighboring towns, yet it comprises only half of the formula when computing an average tax bill. While this average tax bill is the more important number on which to focus, tax rate trends are reflective of movements in both values and tax levies and their movements can be instructive. The average single-family 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. The direction changed in 2008 when it increased to $10.00 per $1,000. It has continued to move up annually to the current $12.55 per $1,000 primarily due to decreasing valuations.

The valuation of property represents the other half of the tax rate formula. The statewide average values of single-family homes steadily increased each year from 1994 to 2007. In 2008, those values began to drop and the average value decreased 0.73 percent in 2008 to $403,705 from $406,673 in 2007. (The $406,673 had been a 5.5 percent increase in value from $385,502 in 2006.) The downward trend has continued; the average value in 2011 was $361,629, 3.23 percent lower than the 2010 average value of $373,702. Overall the average home value has sunk $45,044 or 11.1 percent since 2007.

Over the past year, 266 of the 338 communities reviewed (78 percent) dropped in average value. Boylston□s decrease was the highest at 14.17 percent. The remaining 72 communities had increased home values, but only nine of those gained more than two percent in value. Those nine communities are Middleton, Reading, Sherborn, Lanesborough, Hancock, Rowe, Plainfield, Peru and Mount Washington.

This table details the average assessed value, and tax bill of single-family homes for fiscal years 2010 and 2011, the 2011 tax rate, ranks the 338 communities from high to low for the 2011 average tax bill and shows the percentage change in assessed value and tax bills.

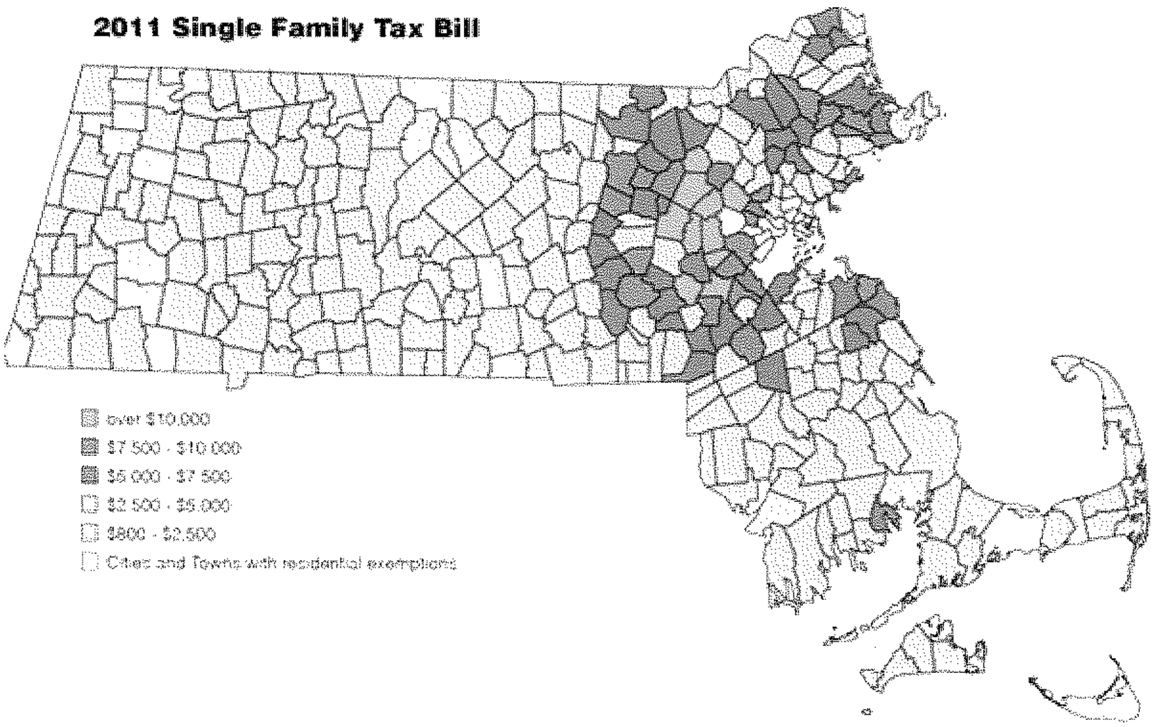
The six communities with the highest average tax bills in FY10 retained their rankings in FY11. Each of these six has average bills that exceed $10,000. Those included are: Weston ($15,535), Sherborn ($13,119), Lincoln ($12,378), Dover ($12,074), Carlisle ($11,650), and Wayland ($11,471). The six communities with the lowest average tax bills also remained the same: Hancock ($757), Rowe ($1,108), Monroe ($1,112), Florida ($1,246), Erving ($1,348) and Tolland ($1,713).

During the past four years statewide average bills have moved up annually at a rate of three to four percent. This is reflective of the statutory 2 ½ percent increase plus a factor for new growth. However, communities can have increases greater than this by passage of overrides, new debt exclusions or use of existing excess capacity. In

FY2011, six communities experienced increases in their average tax bills that were greater than ten percent, ranging from Clarksburg with a 10.37 percent increase to Berkley with a 19.4 percent increase. Berkley□s increase was due in part to a general Proposition 2 ½ override and a stabilization fund override. The other four communities are Bedford (11.03 percent), Bridgewater (12.15 percent), Tolland (13.52 percent) and Orange (14.93 percent). Bridgewater and Orange also had general Proposition 2 ½ overrides while Tolland added a large debt exclusion.

Similar to past results, communities on the Cape and Islands tend to have high assessed values but lower tax bills due to the large number of seasonal properties. Seasonal residents often demand fewer municipal services. Again, Chilmark has the highest single-family home value in the state ($1,848,833) and has the second lowest tax rate of $2.13 per thousand. Aquinnah has the third highest value ($1,256,205) and has the fifth lowest tax rate of $3.86 per thousand. Edgartown has the fourth highest value ($1,103,328) and fourth lowest tax rate of $3.40 per thousand.

This year□s analysis shows that only four of the nine communities with value increases over two percent completed a triennial recertification in 2011. Annual interim adjustments soften abrupt changes in value every third year during scheduled certification and became a BLA requirement for all communities beginning in FY10.



Community Innovation Challenge Grant Applications Now Available!

DLS is pleased to announce that the Patrick-Murray Administration, through the Executive Office for Administration and Finance, is soliciting plans and proposals for a multi-year competitive grants program to provide incentives and financial support for one-time or transitional costs to improve local government service delivery, efficiency, quality, and cost savings.

In the FY2012 budget, Governor Patrick authorized the development of a competitive grant program to encourage and incentivize regionalization based upon the belief that the most crucial and visible interactions between government and citizen occur locally. The Community Innovation Challenge Grant Program was proposed in the Governor□s budget and supported by the Legislature. It provides $4 million for regionalization and other initiatives.

Municipalities, regional schools, school districts considering forming a regional school district or regionalizing services, and planning agencies and councils of governments are all encouraged to apply. Ideal projects for the grant program include those with the potential for the greatest impact, high levels of innovation and substantial potential cost savings for municipalities.

Two informational meetings have been held in Ashland and Plymouth. Two more are scheduled for the following

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 "uptick" 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.

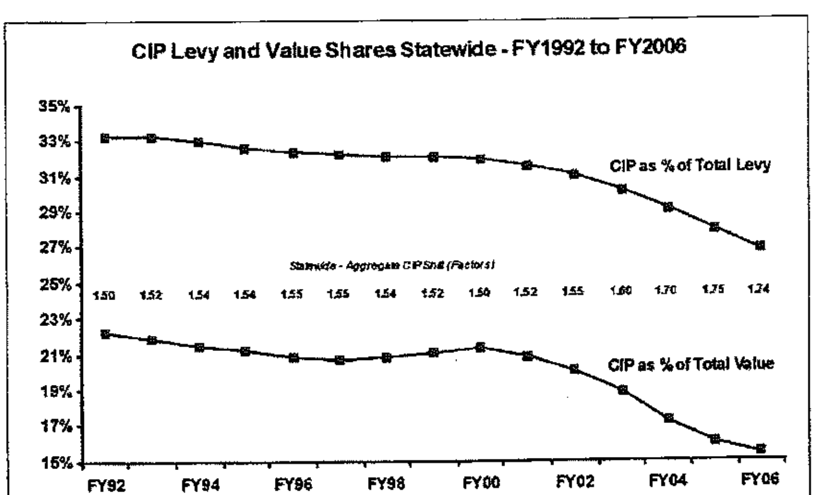


Figure 1

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

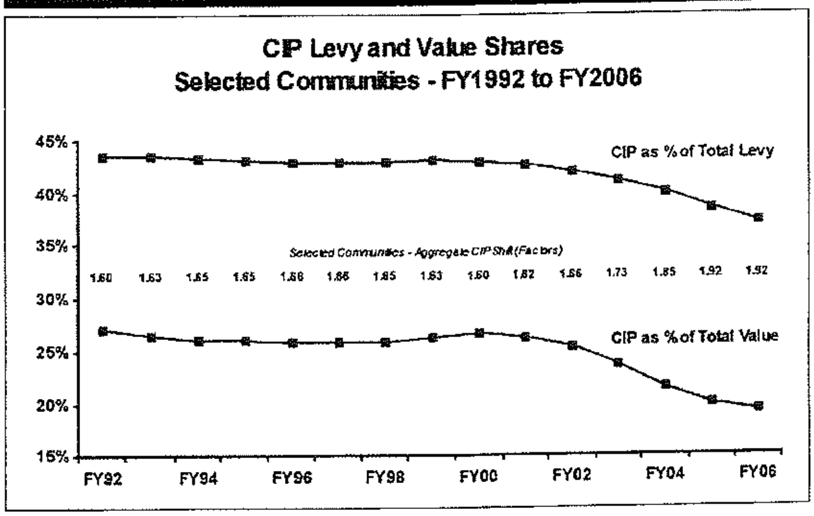


Figure 2

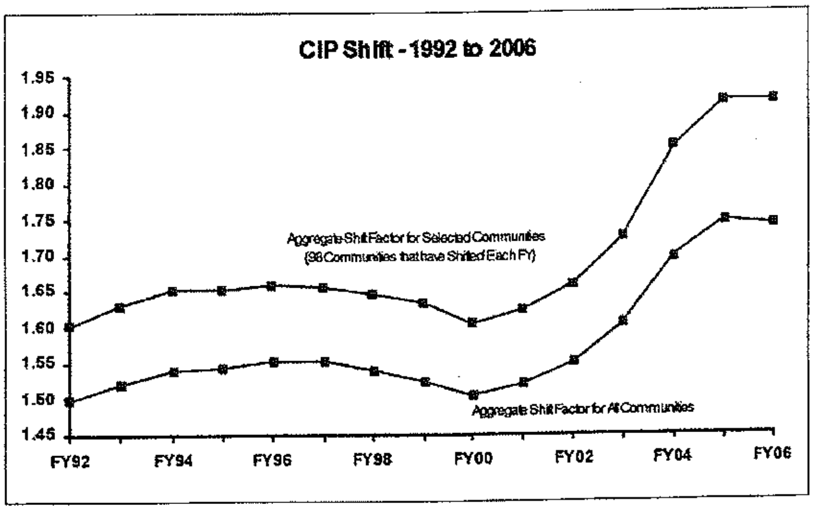


Figure 3

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

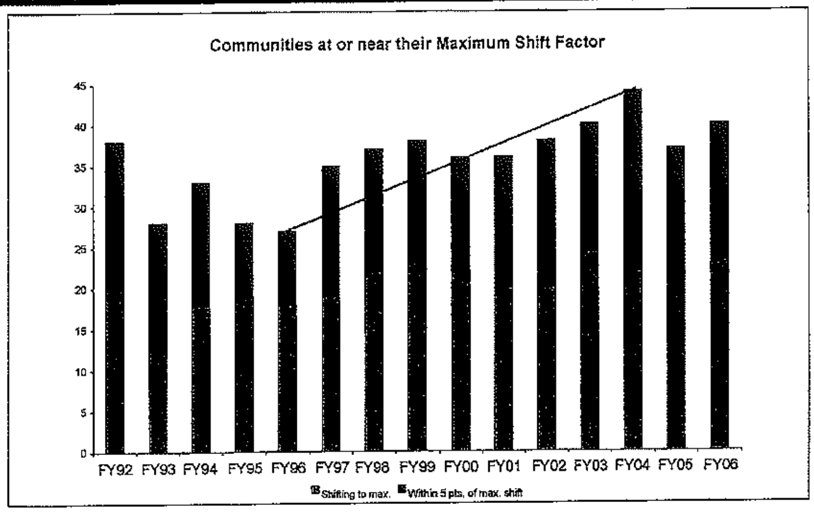


Figure 4

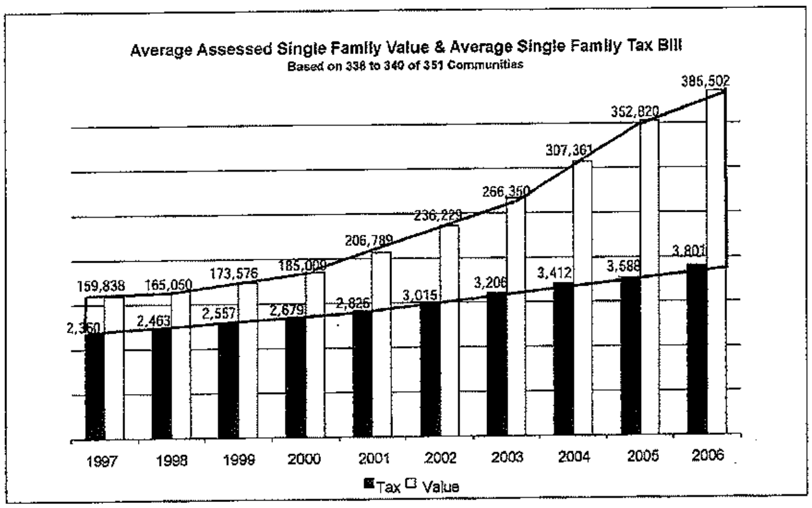


Figure 5

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

continued on page eight

wood pellets. On a $/BTU basis, bulk wood pellets priced at about $200 per ton is equivalent of paying $1.72/gallon for No. 2 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

Massachusetts Procurement — Statewide Contracts and Solicitations: www.comm-pass.com/

National Biodiesel Board: www.biodiesel.org/

Pellet Fuels Institute: www.pelletheat.org/2/index/index

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 partnership 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 efforts 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 efficiency investments. This comprehensive approach identifies opportunities where, 1) action has already taken place, 2) have current or potential projects in target sectors, or have the potential for municipal-wide energy management planning.

In response to communities that have organized Energy Committees or Commissions, DOER recently launched the Energy Smart Communities Network to advance statewide community energy-savings efforts by 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 peers 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. All members 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 provide information about their goals and activities.

DOER maintains and edits 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 get 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. ■

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.**