TOWN of FOXBOROUGH
BOARD of SELECTMEN

CLASSIFICATION HEARING

September 30, 2008

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

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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 '09 TAX LEVY

- The Tax Levy is increasing by $1.27 million or 4.46%. The increase is comprised of:
  - 2.36%, or $673K, as allowed by Proposition 2 1/2
  - 4.01%, or $1.146 Million in New Growth
  - -1.92%, or- $547K in decreased Excluded Debt related to the increased MSBA reimbursement for the Igo School
- We continue to tax to the limits allowed by proposition 2 1/2 for the 12th consecutive year

FY '09 PROPERTY VALUES

- FY '09 total property values increased by 1.9% while average Single Family Residential values have decreased by 0.54%
  - Over the last 10 years the average Residential value has increased by $219K or 121%
  - Adjusted for inflation the increase has been much lower at $101K, or 59%
- The average Single Family property value *(including condominiums)* has decreased in FY '09 by $4.2K to ~$399.8K
- The average Single Family property value *(excluding Condos)* has decreased in FY '09 by $2.3K to $413K
- The Residential class of property comprises 75.96% of total property value, down from 78.33% last year.
  - The remaining 24.04% 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 75.96% of the total valuation to a high three years ago of 80.01%
  - This year's slight shift results in more of the tax burden falling on Commercial & Industrial taxpayers

FY '09 TAX RATE

- The tax rate per $1,000 in assessed value has increased by 2.4%, or 26 cents, to $10.91
  - Over the last 10 years the tax rate has decreased by $4.74, from $15.65 to $10.91

FY '09 TAX BILL

- The FY '09 average Single Family tax *(excluding condominiums)* has increased by 1.88%, or $83, to $4,507
- The FY '09 average Single Family tax *(including condominiums)* has increased by 1.38%, or $60, to $4,361
- Over the last 10 years the average Residential tax bill has increased by $1,529, or $153 per year
- The top 11 taxpayers comprise 10.86%, or $3.1 million, of the tax levy
- The remaining 376 Commercial & Industrial taxpayers, comprise 9.5%, or $2.7 million, of the tax levy

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

- Foxborough's FY '09 total valuation ($1.7 billion) of Single Family property is 20% less than the FY '08 average of the 15 area communities ($2.12 billion) listed on page 9
  - 10 of the 15 towns had higher total valuations than Foxborough in FY '08
- Foxborough's FY '09 total number of Single Family parcels (4,106) is 18% less than the average of the 15 area communities (5,010)
  - 12 of the 15 towns had higher total single family parcels than Foxborough in FY '08
- Foxborough's FY '08 average Single Family valuation ($415K) is 2.5% less than the average of the 15 area communities ($426K)
  - 8 of the 15 towns had higher average single family values than Foxborough in FY '08
- Foxborough's FY '08 average Single Family tax bill ($4,424) is 5.7% less than the average of the 15 area communities ($4,691)
  - Eight of the 15 towns had higher average single family tax bills than Foxborough in FY '08
  - In FY '08 Foxborough's tax bill ranked 96nd in the State out of the 339 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 '09 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 $11.37 and conversely increase the average business tax bill by $74.54
  - A 10% shift would reduce the average Residential tax bill by $132.63 and conversely increase the average business tax bill by $738.58
  - A 50% shift would reduce the average Residential tax bill by $655.56 and conversely increase the average business tax bill by $3,699.68
- The Board of Assessors is recommending that the single tax rate be maintained for FY '09

TAX LEVY COMPARISON
FY 2008 to FY 2009

Town of Foxborough

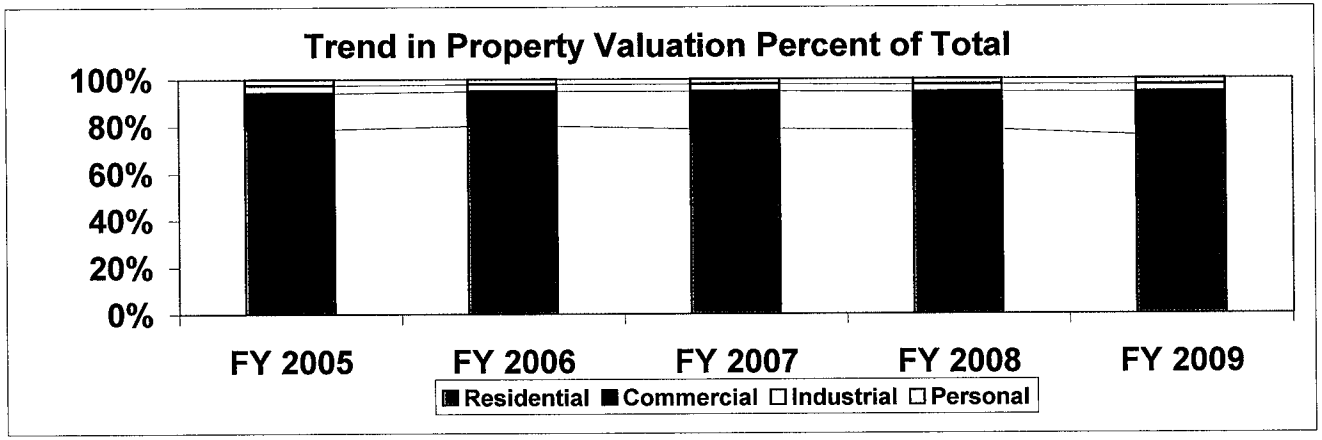
	FY 2008	FY 2009	Change $	Change %
All Property				
Tax Levy	28,553,905	29,826,115	1,272,210	4.46%
Property Values	2,681,133,380	2,733,832,700	52,699,320	1.97%
Rate	10.65	10.91	0.26	2.44%
Residential & Condominium				
Average Value	403,924	399,758	(4,165)	-1.03%
Number of Parcels	4,516	4,535	19	0.42%
Average Tax	4,302	4,361	60	1.38%
Residential (101)				
Average Value	415,383	413,120	(2,263)	-0.54%
Number of Parcels	4,092	4,106	14	0.34%
Average Tax	4,424	4,507	83	1.88%

PROPERTY CLASSIFICATION & VALUATION HISTORY
FY 2005 - FY 2009

Town of Foxborough

Property Type	FY 2005 Assessed Valuation	FY 2005 % of Total	FY 2006 Assessed Valuation	FY 2006 % of Total	FY 2007 Assessed Valuation	FY 2007 % of Total	FY 2008 Assessed Valuation	FY 2008 % of Total	FY 2009 Assessed Valuation	FY 2009 % of Total	5 Year CAGR
Residential	1,737,415,580	78.80%	2,010,657,563	80.01%	2,159,820,329	78.87%	2,100,175,015	78.33%	2,076,563,832	75.96%	4.48%
# of Accts.	5,280	83.61%	5,348	83.81%	5,425	84.29%	5,507	84.39%	5,480	84.96%	
Commercial	337,545,460	15.31%	371,667,469	14.79%	436,666,111	15.94%	432,516,525	16.13%	503,179,568	18.41%	8.25%
# of Accts.	363	5.75%	360	5.64%	351	5.45%	349	5.35%	339	5.26%	
Industrial	72,984,300	3.31%	74,513,400	2.97%	82,511,300	3.01%	82,073,500	3.06%	82,496,000	3.02%	2.54%
# of Accts.	47	0.74%	46	0.72%	46	0.71%	45	0.69%	47	0.73%	
Personal	56,774,650	2.58%	56,018,090	2.23%	59,601,450	2.18%	66,368,340	2.48%	71,593,300	2.62%	9.96%
# of Accts.	625	9.90%	627	9.83%	614	9.54%	625	9.58%	584	9.05%	
Total Valuation	2,204,719,990	100.00%	2,512,856,522	100.00%	2,738,599,190	100.00%	2,681,133,380	100.00%	2,733,832,700	100.00%	5.18%
Total Accounts	6,315	100.00%	6,381	100.00%	6,436	100.00%	6,526	100.00%	6,450	100.00%	

Please Note:
Fiscal Year 2007 was a revaluation year.



TAX LEVY RECAP
FY 2008 vs. FY 2009

Town of Foxborough

	FY 2008	FY 2009	Change $	Change %
REVENUE USES:				
Appropriations	50,027,091	53,350,240	3,323,149	6.64%
Debt Service Not Appropriated	-	-	-	0.00%
State Assessments	1,780,117	1,844,926	64,809	3.64%
Cherry Sheet Offsets	39,194	39,291	97	0.25%
Snow & Ice Deficit	136,737	328,820	192,083	140.48%
Prior Year Allowance for Abatements Deficit	-	10,281	10,281	NA
Allowance for Abatements	375,456	696,574	321,118	85.53%
Total Revenue to be Raised	52,358,596	56,270,132	3,911,536	7.47%
REVENUE SOURCES:				
NON-TAX REVENUE SOURCES:				
Cherry Sheet Receipts	10,171,322	10,995,206	823,884	8.10%
MSBA Receipts	166,260	665,555	499,295	300.31%
Local Receipts	4,910,886	5,926,981	1,016,095	20.69%
Solid Waste Enterprise Fund	1,082,063	1,082,718	655	0.06%
Water Enterprise Fund	2,989,673	2,991,825	2,152	0.07%
Sewer Enterprise Fund	1,156,536	1,245,834	89,298	7.72%
Total Enterprise Revenue	5,228,272	5,320,376	92,104	1.76%
Free Cash	2,693,471	2,605,304	(88,167)	-3.27%
Available Funds	634,480	930,595	296,115	46.67%
Total Non-Tax Revenue Sources	23,804,691	26,444,017	2,639,326	11.09%
TAX LEVY REQUIRED	28,553,905	29,826,115	1,272,210	4.46%
TOTAL TAX & NON-TAX REVENUE	52,358,596	56,270,132	3,911,536	7.47%

PROPOSITION 2 1/2 and TAX LEVY 10 YEAR HISTORY
FY 2000 - FY 2009
($ in 000's)

Town of Foxborough

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	10 Year CAGR
Prior Year's Levy Limit	17,471	18,259	19,315	20,273	21,207	22,249	23,295	24,403	25,619	26,708	
ADD: 2 1/2%	437	457	483	507	530	556	582	610	640	668	
ADD: New Growth	351	599	475	427	511	491	525	606	449	1,146	
Subtotal Levy Limit	18,259	19,315	20,273	21,207	22,249	23,295	24,403	25,619	26,708	28,522	5.02%
ADD: Debt Exclusions	257	1,601	1,158	905	755	816	1,550	1,574	1,853	1,306	
TOTAL Levy Available	18,516	20,916	21,431	22,112	23,004	24,111	25,952	27,193	28,561	29,828	5.31%
Actual Levy	18,493	20,907	21,417	22,096	22,999	24,098	25,933	27,167	28,554	29,826	5.31%
Unused Levy	23	9	14	16	5	14	20	26	7	2	
Tax Rate	15.46	14.96	14.15	13.74	10.83	10.93	10.32	9.92	10.65	10.91	-3.54%
Total Property Valuation	1,135,430	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	9.18%
Levy Ceiling (Outside Limit)	28,386	34,938	37,839	40,204	53,091	55,118	62,821	68,465	67,111	68,346	9.18%

LARGEST REAL ESTATE TAXPAYERS
FY 2008

Town of Foxborough

Business Name	Nature of Business	FY 2008 Assessed Valuation	FY 2008 Tax Levy	FY 2008 % of Tax Levy
Foxboro Company (1)	Process Controls	69,002,007	734,871	2.57%
Foxboro Realty Associates Et Al	Sports, Entertainment & Real Estate	51,106,405	544,283	1.91%
Hub Properties Trust	Office Buildings	32,668,600	347,921	1.22%
Mayfair Realty Et Al (2)	Apartments	32,185,318	342,774	1.20%
Rodman Et Al	Auto & Real Estate	17,904,201	190,680	0.67%
Quincy Foxboro, LLC	Office Buildings	17,549,800	186,905	0.65%
Hartfinger, C. E. Trustee	Office Buildings	16,871,401	179,680	0.63%
Panagopoulos, D & N	Real Estate	14,113,601	150,310	0.53%
Hospitality Properties, Inc.	Hotel & Restaurant	13,948,100	148,547	0.52%
208 North St., LLC	Truck Terminal	13,104,700	139,565	0.49%
Intellution, Inc	Office Buildings	12,713,700	135,401	0.47%
Sub-Total - Top 11 Accounts		291,167,834	3,100,937	10.86%
All Other Commercial & Industrial - 376 Accounts		255,607,510	2,722,220	9.53%
Total Commercial & Industrial - 387 Accounts (2)		546,775,343	5,823,157	20.39%

(1) A division of Invensys Process Systems.
(2) Mayfair's real estate is technically classified as residential, but is included in this commercial listing due to its signifigance to the tax base.

AVERAGE RESIDENTIAL TAX HISTORY
Single Family, Including Condominiums & Mixed Use
FY 1999 - FY 2009

Town of Foxborough

FY	# Parcels	Avg. Value	% Change	Tax Rate	Avg. Tax	% Change	$ Change
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
1999	4,116	180,981	1.39%	15.65	2,832.36	2.83%	78.08
ACTUAL DOLLARS							
Cumulative Change	419	218,777	120.88%	(4.74)	1,529.01	53.98%	1,607.09
10 Year Avg. Change	42	21,878	12.09%	(0.47)	152.90	5.40%	160.71
INFLATION ADJUSTED DOLLARS							
Cumulative Change	NA	100,631	58.58%	NA	283.67	10.55%	301.02
10 Year Avg. Change	NA	10,063	5.86%	NA	28.37	1.06%	30.10

COMMUNITY COMPARISONS of
FY 2006, 2007 & 2008 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	2008	1,400,203,490	-2.55%	4,491	311,780	9.75	3,040	2.95%	73.79	Yes	0.87	229
	2007	1,436,913,505	14.14%	4,477	320,955	9.20	2,953	6.11%	71.64	Yes	0.89	228
	2006	1,258,864,800	10.53%	4,428	284,296	9.79	2,783	3.69%	71.06	Yes	0.89	228
Canton	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
	2006	2,495,734,300	8.62%	5,239	476,376	9.33	4,445	7.19%	79.26	Yes	0.82	73
Easton	2008	2,355,315,100	-2.68%	5,499	428,317	11.49	4,921	2.84%	87.71	No		70
	2007	2,420,094,400	9.50%	5,472	442,269	10.82	4,785	10.36%	88.54	No		68
	2006	2,210,060,200	8.60%	5,443	406,037	10.68	4,336	7.35%	90.40	No		80
Franklin	2008	3,091,250,900	-5.61%	7,512	411,508	10.23	4,210	8.73%	79.30	No		107
	2007	3,274,830,500	5.93%	7,493	437,052	8.86	3,872	3.47%	79.97	No		124
	2006	3,091,558,600	8.49%	7,453	414,807	9.02	3,742	6.46%	79.68	No		120
Mansfield	2008	2,253,622,300	2.53%	5,290	426,016	11.32	4,823	2.84%	78.07	Yes	0.98	75
	2007	2,198,083,200	2.14%	5,282	416,146	11.27	4,690	1.41%	78.98	Yes	0.98	73
	2006	2,152,086,800	6.83%	5,258	409,298	11.30	4,625	2.03%	78.42	No		66
Norfolk	2008	1,322,713,800	-3.20%	2,868	461,197	12.78	5,894	1.57%	94.34	No		45
	2007	1,366,395,300	7.87%	2,861	477,594	12.15	5,803	4.45%	94.79	No		44
	2006	1,266,662,900	15.10%	2,845	445,224	12.48	5,556	14.34%	94.79	No		41
North Attleborough	2008	2,507,402,300	-2.94%	6,676	375,585	9.07	3,407	3.56%	78.98	No		174
	2007	2,583,363,800	13.94%	6,612	390,708	8.42	3,290	4.44%	79.89	Yes	0.98	173
	2006	2,267,336,200	6.58%	6,485	349,628	9.01	3,150	2.27%	78.77	Yes	0.99	176
Norton	2008	1,527,982,300	1.35%	4,319	353,782	9.98	3,531	3.19%	87.19	No		164
	2007	1,507,564,800	1.32%	4,282	352,070	9.72	3,422	3.32%	87.49	No		161
	2006	1,487,902,200	16.21%	4,263	349,027	9.49	3,312	1.56%	87.33	No		161
Norwood	2008	2,256,276,800	-4.70%	5,800	389,013	8.13	3,163	2.66%	71.54	Yes	0.78	202
	2007	2,367,667,900	0.81%	5,795	408,571	7.54	3,081	3.15%	74.60	Yes	0.75	202
	2006	2,348,649,300	14.42%	5,771	406,974	7.34	2,987	0.88%	74.39	Yes	0.76	200
Plainville	2008	715,932,600	0.53%	1,863	384,290	10.74	4,127	0.22%	81.02	No		115
	2007	712,129,500	4.81%	1,854	384,104	10.72	4,118	5.48%	81.54	No		101
	2006	679,465,700	22.23%	1,838	369,677	10.56	3,904	7.85%	81.88	No		105
Sharon	2008	2,361,884,200	-8.38%	5,200	454,209	16.79	7,626	8.56%	93.14	No		23
	2007	2,577,828,100	9.65%	5,196	496,118	14.16	7,025	2.72%	94.04	No		25
	2006	2,351,038,200	6.73%	5,194	452,645	15.11	6,839	3.18%	93.99	No		24
Stoughton	2008	2,347,367,600	1.57%	6,500	361,133	9.79	3,535	2.49%	82.06	Yes	0.85	163
	2007	2,311,055,900	6.06%	6,499	355,602	9.70	3,449	2.86%	83.50	Yes	0.85	158
	2006	2,179,034,524	9.01%	6,493	335,597	9.99	3,353	1.54%	84.22	Yes	0.87	156
Walpole	2008	2,833,121,100	0.44%	6,212	456,072	10.83	4,939	0.73%	86.76	Yes	0.96	67
	2007	2,820,802,000	6.79%	6,168	457,328	10.72	4,903	3.72%	87.70	Yes	0.96	64
	2006	2,641,329,900	6.00%	6,113	432,084	10.94	4,727	5.07%	88.13	Yes	0.97	62
Westwood	2008	2,947,310,700	1.06%	4,468	659,649	11.74	7,744	10.55%	85.96	Yes	0.89	20
	2007	2,916,342,100	-0.02%	4,467	652,864	10.73	7,005	3.47%	85.95	Yes	0.89	26
	2006	2,916,818,050	14.04%	4,468	652,824	10.37	6,770	-1.53%	85.92	Yes	0.90	25
Wrentham	2008	1,378,012,800	-2.39%	3,197	431,033	11.23	4,841	2.22%	82.90	Yes	0.97	72
	2007	1,411,776,820	5.25%	3,175	444,654	10.65	4,736	3.43%	83.40	Yes	0.96	69
	2006	1,341,298,400	9.82%	3,152	425,539	10.76	4,579	6.94%	83.59	Yes	0.97	67
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**
Average	**2007**	**2,171,233,042**	**6.13%**	**4,992**	**436,252**	**10.24**	**4,509**	**3.89%**	**83.34**	**9 Yes / 6 No**		**107**
Average	**2006**	**2,045,856,005**	**9.89%**	**4,963**	**414,002**	**10.41**	**4,341**	**4.53%**	**83.45**	**8 Yes / 7 No**		**106**
FOXBOROUGH	**2009**	**1,696,271,000**	**-0.20%**	**4,106**	**413,120**	**10.91**	**4,507**	**1.88%**	**75.96%**	**No**		**NA**
FOXBOROUGH	**2008**	**1,699,746,785**	**-3.06%**	**4,092**	**415,383**	**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**
FOXBOROUGH	**2006**	**1,652,056,400**	**15.90%**	**4,031**	**409,838**	**10.32**	**4,230**	**9.08%**	**80.01%**	**No**		**90**

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
No Classification					
Average Residential	378,935	10.91	4,134.18	0.00%	-
Average CIP	677,597	10.91	7,392.58	0.00%	-
1% Shift in Burden					
Average Residential	378,935	10.88	4,122.81	-0.27%	(11.37)
Average CIP	677,597	11.02	7,467.12	1.01%	74.54
2% Shift in Burden					
Average Residential	378,935	10.84	4,107.66	-0.64%	(26.53)
Average CIP	677,597	11.13	7,541.65	2.02%	149.07
3% Shift in Burden					
Average Residential	378,935	10.81	4,096.29	-0.92%	(37.89)
Average CIP	677,597	11.24	7,616.19	3.02%	223.61
4% Shift in Burden					
Average Residential	378,935	10.77	4,081.13	-1.28%	(53.05)
Average CIP	677,597	11.35	7,690.72	4.03%	298.14
5% Shift in Burden					
Average Residential	378,935	10.74	4,069.76	-1.56%	(64.42)
Average CIP	677,597	11.46	7,765.26	5.04%	372.68
10% Shift in Burden					
Average Residential	378,935	10.56	4,001.55	-3.21%	(132.63)
Average CIP	677,597	12.00	8,131.16	9.99%	738.58
15% Shift in Burden					
Average Residential	378,935	10.39	3,937.13	-4.77%	(197.05)
Average CIP	677,597	12.55	8,503.84	15.03%	1,111.26
20% Shift in Burden					
Average Residential	378,935	10.22	3,872.72	-6.32%	(261.47)
Average CIP	677,597	13.09	8,869.74	19.98%	1,477.16
25% Shift in Burden					
Average Residential	378,935	10.05	3,808.30	-7.88%	(325.88)
Average CIP	677,597	13.64	9,242.42	25.02%	1,849.84
30% Shift in Burden					
Average Residential	378,935	9.87	3,740.09	-9.53%	(394.09)
Average CIP	677,597	14.18	9,608.32	29.97%	2,215.74
35% Shift in Burden					
Average Residential	378,935	9.70	3,675.67	-11.09%	(458.51)
Average CIP	677,597	14.73	9,981.00	35.01%	2,588.42
40% Shift in Burden					
Average Residential	378,935	9.53	3,611.25	-12.65%	(522.93)
Average CIP	677,597	15.27	10,346.90	39.96%	2,954.32
45% Shift in Burden					
Average Residential	378,935	9.36	3,546.83	-14.21%	(587.35)
Average CIP	677,597	15.82	10,719.58	45.00%	3,327.00
50% Shift in Burden					
Average Residential	378,935	9.18	3,478.62	-15.86%	(655.56)
Average CIP	677,597	16.37	11,092.26	50.05%	3,699.68

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* × *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.

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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

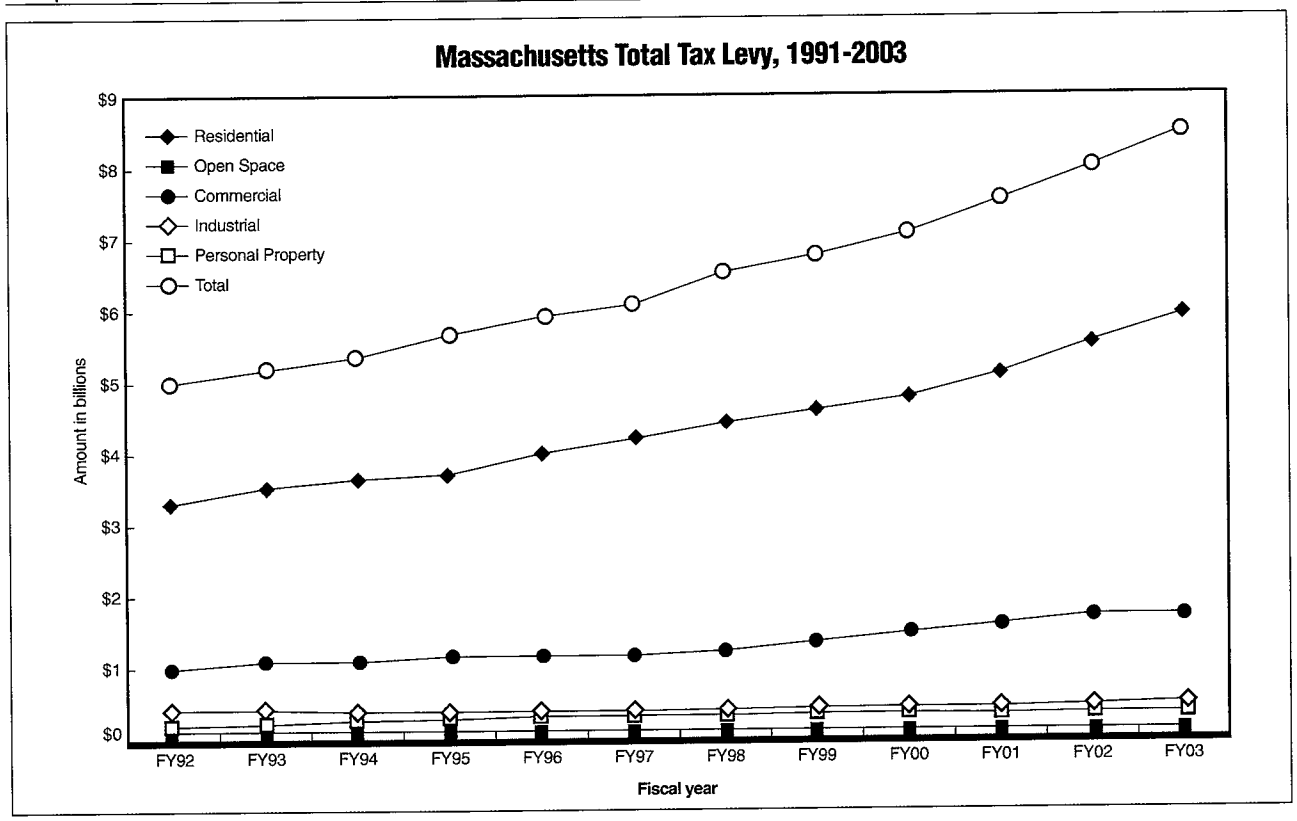

Figure 1

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. ■

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 (**Cummington, 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

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

Municipality	FY07 avg. value	FY08 avg. value	Pct. change value	FY07 avg. tax bill	FY08 avg. tax bill	Pct. change bill	FY08 hi–lo rank^	FY08 tax rate
Abington	362,350	347,780	–4.02	3,913	3,874	–1.00	133	11.14
Acton	542,140	523,109	–3.51	7,926	8,051	1.58	15	15.39
Acushnet	317,284	320,098	0.89	2,916	2,961	1.54	237	9.25
Adams	133,618	140,669	5.28	2,032	2,113	3.99	312	15.02
Agawam	218,981	229,150	4.64	2,588	2,690	3.94	265	11.74
Alford	526,386	653,984	24.24	2,632	2,681	1.86	267	4.10
Amesbury	366,423	344,464	–5.99	4,822	5,029	4.29	63	14.60
Amherst	330,926	332,528	0.48	5,189	5,327	2.66	57	16.02
Andover	591,798	581,568	–1.73	6,658	6,799	2.12	32	11.69
Aquinnah	991,101	1,287,044	29.86	3,994	4,183	4.73	109	3.25
Arlington	486,431	475,290	–2.29	5,326	5,442	2.18	53	11.45
Ashburnham	246,341	246,979	0.26	3,202	3,193	–0.28	199	12.93
Ashby	264,563	263,798	–0.29	3,095	3,042	–1.71	227	11.53
Ashfield	236,988	245,250	3.49	2,751	3,061	11.27	224	12.48
Ashland	411,091	413,165	0.50	5,180	5,338	3.05	56	12.92
Athol	189,539	187,362	–1.15	1,914	1,954	2.09	319	10.43
Attleboro	308,738	317,375	2.80	2,985	2,996	0.37	235	9.44
Auburn	268,318	267,350	–0.36	2,793	2,917	4.44	241	10.91
Avon	328,407	322,338	–1.85	3,159	3,149	–0.32	208	9.77
Ayer	296,635	303,452	2.30	2,830	2,986	5.51	236	9.84
Barnstable*								
Barre	231,366	240,639	4.01	2,383	2,507	5.20	291	10.42
Becket	219,257	234,344	6.88	1,820	1,901	4.45	321	8.11
Bedford	528,677	534,795	1.16	5,969	6,086	1.96	41	11.38
Belchertown	260,275	265,590	2.04	3,443	3,570	3.69	157	13.44
Bellingham	320,955	311,780	–2.86	2,953	3,040	2.95	228	9.75
Belmont	803,440	767,676	–4.45	8,283	8,652	4.45	12	11.27
Berkley	386,527	377,584	–2.31	2,972	2,851	–4.07	246	7.55
Berlin	443,902	446,317	0.54	4,865	4,999	2.75	66	11.20
Bernardston	220,798	223,487	1.22	3,049	3,323	8.99	183	14.87
Beverly	454,936	456,848	0.42	4,613	4,751	2.99	79	10.40
Billerica	349,998	351,433	0.41	3,780	3,873	2.46	134	11.02
Blackstone	313,039	305,575	–2.38	3,409	3,484	2.20	166	11.40
Blandford	208,312	226,121	8.55	2,171	2,410	11.01	300	10.66
Bolton	516,061	508,183	–1.53	7,256	7,648	5.40	22	15.05
Boston*								
Bourne	474,404	481,988	1.60	3,046	3,152	3.48	204	6.54
Boxborough	554,010	565,638	2.10	7,684	7,998	4.09	16	14.14
Boxford	674,891	677,925	0.45	7,059	7,423	5.16	24	10.95
Boylston	418,554	420,477	0.46	4,717	4,810	1.97	77	11.44
Braintree	400,772	394,784	–1.49	3,262	3,423	4.94	171	8.67
Brewster	514,933	514,041	–0.17	2,817	2,853	1.28	245	5.55
Bridgewater	392,919	377,209	–4.00	3,772	3,904	3.50	129	10.35
Brimfield	245,512	256,599	4.52	2,927	3,038	3.79	229	11.84
Brockton	291,162	278,291	–4.42	2,734	2,672	–2.27	268	9.60
Brookfield	247,392	249,976	1.04	3,013	3,200	6.21	198	12.80
Brookline*								
Buckland	212,227	213,640	0.67	2,761	2,846	3.08	247	13.32
Burlington	421,178	406,582	–3.47	3,875	3,903	0.72	130	9.60
Cambridge*								
Canton	507,748	488,856	–3.72	4,509	4,566	1.26	90	9.34
Carlisle	822,143	825,035	0.35	9,833	10,610	7.90	5	12.86
Carver	338,813	325,343	–3.98	3,734	3,686	–1.29	147	11.33
Charlemont	191,334	199,252	4.14	3,105	2,923	–5.86	240	14.67
Charlton	309,183	313,613	1.43	2,665	2,725	2.25	255	8.69
Chatham	893,429	875,403		3,118	3,213		196	3.67
Chelmsford	396,327	378,123	–4.59	4,966	5,105	2.80	62	13.50
Chelsea*								
Cheshire	203,303	203,031	–0.13	1,659	1,679	1.21	324	8.27
Chester	157,671	173,109	9.79	2,624	2,844	8.38	249	16.43
Chesterfield	226,893	227,796	0.40	2,995	3,066	2.37	222	13.46
Chicopee	177,921	193,684	8.86	2,270	2,394	5.46	302	12.36
Chilmark	1,738,110	1,733,060	–0.29	3,250	3,397	4.52	177	1.96
Clarksburg	166,141	167,168	0.62	1,533	1,608	4.89	326	9.62
Clinton	257,984	259,915	0.75	2,830	2,947	4.13	239	11.34
Cohasset	825,126	848,875	2.88	8,664	8,998	3.86	10	10.60
Colrain	177,534	178,401	0.49	2,530	2,517	–0.51	289	14.11
Concord	922,372	944,487	2.40	9,740	10,125	3.95	6	10.72
Conway	294,058	307,628	4.61	3,882	3,692	–4.89	146	12.00
Cummington	213,029			2,292				
Dalton	212,119	213,538	0.67	3,006	3,152	4.86	205	14.76
Danvers	432,878	406,848	–6.01	4,034	4,231	4.88	104	10.40
Dartmouth	416,488	420,988	1.08	2,832	2,707	–4.41	260	6.43
Dedham	446,685	417,013	–6.64	4,882	5,025	2.93	64	12.05
Deerfield	278,303	284,075	2.07	3,070	3,133	2.05	213	11.03
Dennis	450,923	452,165	0.28	1,894	1,967	3.85	318	4.35
Dighton	350,098	335,997	–4.03	3,273	3,420	4.49	172	10.18
Douglas	317,409	311,745	–1.78	3,263	3,152	–3.40	206	10.11
Dover	1,125,323	1,113,869	–1.02	10,353	10,860	4.90	4	9.75
Dracut	318,811	303,879	–4.68	3,092	3,206	3.69	197	10.55
Dudley	262,930	272,456	3.62	2,027	2,073	2.27	315	7.61
Dunstable	446,859	459,111	2.74	5,058	5,344	5.65	55	11.64
Duxbury	649,099	641,332	–1.20	6,582	6,805	3.39	31	10.61
E. Bridgewater	357,873	355,020	–0.80	3,715	3,824	2.93	140	10.77
E. Brookfield	264,534	260,791	–1.41	2,241	2,757	23.03	254	10.57
E. Longmeadow	256,080	267,462	4.44	4,154	4,295	3.39	100	16.06
Eastham	512,384	506,193	–1.21	2,362	2,571	8.85	282	5.08
Easthampton	231,245	232,079	0.36	2,576	2,657	3.14	270	11.45
Easton	442,269	428,317	–3.15	4,785	4,921	2.84	70	11.49
Edgartown	1,102,245	1,211,784	9.94	3,141	3,308	5.32	184	2.73
Egremont	419,083	467,183	11.48	2,640	2,719	2.99	256	5.82
Erving	177,653	184,924	4.09	1,203	1,235	2.66	330	6.68
Essex	517,232	515,214	–0.39	5,198	5,539	6.56	51	10.75
Everett*	340,081			2,836				
Fairhaven	291,239	301,500	3.52	2,307	2,370	2.73	304	7.86
Fall River	267,099	269,589	0.93	1,918	2,068	7.82	316	7.67
Falmouth	548,225	542,292	–1.08	2,878	3,064	6.46	223	5.65
Fitchburg	218,604	219,934	0.61	2,523	2,584	2.42	280	11.75
Florida	142,060	154,680	8.88	1,014	1,104	8.88	331	7.14
Foxborough	433,042	415,383	–4.08	4,296	4,424	2.98	96	10.65
Framingham	385,176	384,728	–0.12	4,564	4,821	5.63	76	12.53
Franklin	437,052	411,508	–5.84	3,872	4,210	8.73	107	10.23
Freetown	366,928	348,567	–5.00	3,049	3,113	2.10	215	8.93
Gardner	216,843	211,954	–2.25	2,524	2,567	1.70	283	12.11
Georgetown	440,474	442,829	0.53	3,986	4,118	3.31	116	9.30
Gill	175,805	212,500	20.87	2,380	2,433	2.23	298	11.45
Gloucester	524,446	510,540	–2.65	4,515	4,646	2.90	86	9.10
Goshen	195,572	195,601	0.01	2,511	2,596	3.39	279	13.27
Gosnold	954,887			1,881				
Grafton	403,979	390,324	–3.38	3,854	3,923	1.79	127	10.05
Granby	248,923	251,406	1.00	3,037	3,160	4.05	203	12.57
Granville	232,840	264,416	13.56	2,470	2,961	19.88	238	11.20
Grt. Barrington	346,358	378,812	9.37	3,948	4,273	8.23	103	11.28
Greenfield	186,528	194,858	4.47	3,190	3,289	3.10	188	16.88
Groton	431,384	441,842	2.42	5,940	6,128	3.16	38	13.87
Groveland	396,239	398,533	0.58	3,871	4,037	4.29	122	10.13
Hadley	285,871	306,346	7.16	2,607	2,708	3.87	259	8.84
Halifax	351,558	330,980	–5.85	4,141	4,293	3.67	102	12.97
Hamilton	544,434	538,850	–1.03	6,849	7,215	5.34	28	13.39
Hampden	261,775	297,470	13.64	3,853	4,001	3.84	124	13.45
Hancock	233,664	234,216	0.24	785	693	–11.72	333	2.96
Hanover	481,893	487,462	1.16	5,123	5,172	0.96	60	10.61
Hanson	375,198	361,635	–3.61	3,519	3,562	1.22	159	9.85
Hardwick	247,350	256,277	3.61	2,469	2,522	2.15	288	9.84
Harvard	629,546	627,618	–0.31	7,315	7,958	8.79	17	12.68
Harwich	526,563	504,507	–4.19	2,938	3,052	3.88	225	6.05
Hatfield	286,660	288,396	0.61	2,987	3,008	0.70	233	10.43
Haverhill	311,155	313,117	0.63	3,211	3,294	2.58	186	10.52
Hawley	144,240	178,039	23.43	2,595	2,626	1.19	274	14.75
Heath	174,292	196,410	12.69	3,151	3,192	1.30	200	16.25
Hingham	688,592	688,644	0.01	6,197	6,336	2.24	36	9.20
Hinsdale	202,032	216,021	6.92	2,194	2,389	8.89	303	11.06
Holbrook	318,167	302,934	–4.79	3,723	3,762	1.05	144	12.42
Holden	311,272	301,844	–3.03	3,598	3,809	5.86	141	12.62
Holland	243,586	233,861	–3.99	2,565	2,645	3.12	271	11.31
Holliston	435,173	414,224	–4.81	5,810	6,015	3.53	43	14.52
Holyoke	195,919	196,395	0.24	2,537	2,700	6.42	262	13.75
Hopedale	359,951	354,723	–1.45	3,895	4,133	6.11	114	11.65
Hopkinton	550,265	518,552	–5.76	7,060	7,338	3.94	25	14.15
Hubbardston	279,922	287,705	2.78	2,712	2,713	0.04	258	9.43
Hudson	378,844	356,788	–5.82	3,607	3,703	2.66	145	10.38
Hull	417,944	428,474	2.52	4,075	4,212	3.36	106	9.83
Huntington	200,712	201,826	0.56	2,388	2,632	10.22	273	13.04
Ipswich	536,327	504,300	–5.97	4,462	4,655	4.33	85	9.23
Kingston	407,319	388,218	–4.69	4,199	4,612	9.84	89	11.88
Lakeville	355,072	362,139	1.99	3,054	3,151	3.18	207	8.70
Lancaster	329,334	339,108	2.97	4,535	4,625	1.98	88	13.64
Lanesborough	203,190	228,105	12.26	3,162	3,280	3.73	189	14.38
Lawrence	231,147	234,949	1.64	2,133	2,352	10.27	305	10.01
Lee	219,766	248,084	12.89	2,694	2,917	8.28	242	11.76
Leicester	275,471	280,666	1.89	2,565	2,633	2.65	272	9.38
Lenox	424,262	433,812	2.25	3,674	3,826	4.14	138	8.82
Leominster	276,019	275,874	–0.05	3,003	3,104	3.36	217	11.25
Leverett	311,851	312,931	0.35	4,506	4,694	4.17	83	15.00
Lexington	728,903	701,925	–3.70	8,266	8,788	6.32	11	12.52
Leyden	208,449	223,940	7.43	3,621	3,785	4.53	142	16.90
Lincoln	1,094,354	1,053,265	–3.75	10,790	10,870	0.74	3	10.32
Littleton	415,767	409,101	–1.60	5,035	5,163	2.54	61	12.62
Longmeadow	357,753	358,964	0.34	5,556	6,088	9.58	40	16.96
Lowell	269,355	272,315	1.10	2,858	2,887	1.01	243	10.60
Ludlow	224,789	232,664	3.50	2,990	3,099	3.65	219	13.32
Lunenburg	304,179	308,614	1.46	3,690	3,774	2.28	143	12.23
Lynn	286,007	286,002	0.00	2,974	3,140	5.58	211	10.98
Lynnfield	597,971	581,038	–2.83	5,687	5,828	2.48	47	10.03
Malden*	355,869			2,936				
Manchester	1,045,042	1,049,785	0.45	7,618	7,905	3.77	18	7.53
Mansfield	416,146	426,016	2.37	4,690	4,823	2.84	75	11.32
Marblehead	762,250	732,416	–3.91	5,915	6,108	3.26	39	8.34
Marion	663,836	653,125	–1.61	4,919	4,938	0.39	68	7.56
Marlborough*								
Marshfield	453,709	456,541	0.62	3,693	3,981	7.80	125	8.72
Mashpee	525,557	513,189	–2.35	3,069	3,377	10.04	179	6.58
Mattapoisett	486,128	478,871	–1.49	4,560	4,693	2.92	84	9.80
Maynard	354,013	354,178	0.05	4,517	4,721	4.52	80	13.33
Medfield	622,253	598,897	–3.75	7,635	7,666	0.41	21	12.80
Medford	407,534	400,288	–1.78	3,623	3,651	0.77	150	9.12
Medway	412,451	391,987	–4.96	5,494	5,511	0.31	52	14.06
Melrose	433,251	422,702	–2.43	4,259	4,409	3.52	97	10.43
Mendon	424,856	412,510	–2.91	4,040	4,455	10.27	93	10.80
Merrimac	406,085	391,949	–3.48	4,057	4,229	4.24	105	10.79

Municipality	FY07 avg. value	FY08 avg. value	Pct. change value	FY07 avg. tax bill	FY08 avg. tax bill	Pct. change bill	FY08 hi–lo rank^	FY08 tax rate
Methuen	312,890	314,049	0.37	3,019	3,219	6.62	195	10.25
Middleborough	347,432	326,403	-6.05	3,224	3,297	2.26	185	10.10
Middlefield	187,054			2,725				
Middleton	527,956	552,873	4.72	5,179	5,357	3.44	54	9.69
Milford	344,592	331,776	-3.72	3,756	3,915	4.23	128	11.80
Millbury	287,884	271,056	-5.85	3,006	3,093	2.89	220	11.41
Millis	380,804	394,325	3.55	4,733	4,842	2.30	71	12.28
Millville	312,234	317,573	1.71	3,285	3,366	2.47	180	10.60
Milton	544,895	549,314	0.81	5,907	6,015	1.83	44	10.95
Monroe	88,273	92,010	4.23	1,086	1,283	18.14	329	13.94
Monson	222,099	237,009	6.71	2,590	2,825	9.07	250	11.92
Montague	190,505	193,185	1.41	2,524	2,618	3.72	276	13.55
Monterey	451,372	485,952	7.66	2,437	2,478	1.68	294	5.10
Montgomery	249,836	250,194	0.14	2,903	3,130	7.82	214	12.51
Mt. Washington	355,155	360,892	1.62	1,822	1,992	9.33	317	5.52
Nahant	617,949	633,386	2.50	4,394	5,276	20.07	58	8.33
Nantucket*								
Natick	493,410	482,407	-2.23	4,727	4,829	2.16	73	10.01
Needham	682,019	686,972	0.73	6,377	6,664	4.50	35	9.70
New Ashford	186,858	185,772	-0.58	1,443	1,401	-2.91	328	7.54
New Bedford	247,510	246,211	-0.52	2,552	2,598	1.80	277	10.55
New Braintree	272,655	270,900	-0.64	3,258	3,397	4.27	178	12.54
New Marlborough	417,922	405,765	-2.91	2,374	2,621	10.40	275	6.46
New Salem	222,409	221,634	-0.35	2,696	2,795	3.67	251	12.61
Newbury	495,516	482,636	-2.60	4,078	4,136	1.42	113	8.57
Newburyport	488,111	486,986	-0.23	4,925	4,933	0.16	69	10.13
Newton	818,978	800,744	-2.23	7,641	7,767	1.65	19	9.70
Norfolk	477,594	461,197	-3.43	5,803	5,894	1.57	45	12.78
N. Adams	130,592	144,298	10.50	1,453	1,633	12.39	325	11.32
N. Andover	536,831	514,626	-4.14	5,610	5,867	4.58	46	11.40
N. Attleborough	390,708	375,585	-3.87	3,290	3,407	3.56	174	9.07
N. Brookfield	247,293	249,648	0.95	2,310	2,482	7.45	293	9.94
N. Reading	512,389	504,585	-1.52	5,544	5,803	4.67	48	11.50
Northampton	303,049	304,744	0.56	3,300	3,413	3.42	173	11.20
Northborough	432,226	418,409	-3.20	5,355	5,556	3.75	50	13.28
Northbridge	322,221	328,249	1.87	2,752	2,846	3.42	248	8.67
Northfield	194,031	210,300	8.38	2,503	2,782	11.15	253	13.23
Norton	352,070	353,782	0.49	3,422	3,531	3.19	164	9.98
Norwell	622,473	612,661	-1.58	6,654	6,782	1.92	33	11.07
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	286	8.84
Orange	151,030	177,738	17.68	2,136	2,243	5.01	308	12.62
Orleans	775,199	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	2,694	2,714	0.74	257	10.39
Palmer	197,498	205,098	3.85	2,595	2,691	3.70	264	13.12
Paxton	347,213	348,687	0.42	3,965	4,156	4.82	111	11.92
Peabody	389,654	351,845	-9.70	3,024	3,050	0.86	226	8.67
Pelham	282,025	301,230	6.81	5,178	5,232	1.04	59	17.37
Pembroke	392,770	380,256	-3.19	4,089	4,156	1.64	112	10.93
Pepperell	337,831	346,512	2.57	3,412	3,486	2.17	165	10.06
Peru	147,183	182,456	23.97	2,490	2,567	3.09	284	14.07
Petersham	279,110	270,756	-2.99	2,850	3,100	8.77	218	11.45
Phillipston	231,788	225,064	-2.90	1,949	2,554	31.04	285	11.35
Pittsfield	167,121	189,128	13.17	2,381	2,487	4.45	292	13.15
Plainfield	199,794	190,405	-4.70	2,433	2,660	9.33	269	13.97
Plainville	384,104	384,290	0.05	4,118	4,127	0.22	115	10.74
Plymouth	358,285	350,540	-2.16	3,479	3,621	4.08	153	10.33
Plympton	384,867	406,725	5.68	4,645	4,828	3.94	74	11.87
Princeton	373,441	375,830	0.64	4,399	4,720	7.30	81	12.56
Provincetown	857,570	865,577	0.93	4,254	4,432	4.18	94	5.12
Quincy	362,087	355,112	-1.93	3,780	3,846	1.75	137	10.83
Randolph	334,883	328,652	-1.86	3,088	3,148	1.94	209	9.58
Raynham	397,108	377,448	-4.95	3,645	3,880	6.45	132	10.28
Reading	461,656	452,066	-2.08	5,572	5,696	2.23	49	12.60
Rehoboth	434,685	427,294	-1.70	3,273	3,431	4.83	170	8.03
Revere	314,579	329,025	4.59	3,187	3,333	4.58	182	10.13
Richmond	450,206			3,503				
Rochester	392,408	394,992	0.66	3,516	3,567	1.45	158	9.03
Rockland	329,982	310,448	-5.92	3,227	3,260	1.02	190	10.50
Rockport	550,415	539,417	-2.00	4,431	4,526	2.14	92	8.39
Rowe	189,871	195,061	2.73	780	882	13.08	332	4.52
Rowley	427,306	426,325	-0.23	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	196,631	197,946	0.67	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	269,839	271,273	0.53	2,137	2,238	4.73	309	8.25
Sandwich	428,623	426,738	-0.44	3,986	4,101	2.89	117	9.61
Saugus	389,674	383,251	-1.65	3,227	3,357	4.03	181	8.76
Savoy	173,436	171,400	-1.17	1,868	1,947	4.23	320	11.36
Scituate	543,917	543,244	-0.12	4,520	5,009	10.82	65	9.22
Seekonk	360,426	360,611	0.05	3,215	3,238	0.72	193	8.98
Sharon	496,118	454,209	-8.45	7,025	7,626	8.56	23	16.79
Sheffield	290,886	294,031	1.08	3,336	3,452	3.48	169	11.74
Shelburne	232,490	236,446	1.70	2,797	2,863	2.36	244	12.11
Sherborn	787,999	770,925	-2.17	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
Somerset*								
Somerville*								
S. Hadley	250,133	251,878	0.70	2,964	3,088	4.18	221	12.26
Southampton	268,663	270,339	0.62	3,157	3,176	0.60	201	11.75
Southborough	579,431	576,642	-0.48	7,289	7,231	-0.80	27	12.54
Southbridge	216,993	212,995	-1.84	2,432	2,515	3.41	290	11.81
Southwick	254,744	256,933	0.86	3,016	3,135	3.95	212	12.20
Spencer	259,847	261,991	0.83	2,009	2,075	3.29	314	7.92
Springfield	146,319	151,541	3.57	2,347	2,429	3.49	299	16.03
Sterling	357,130	341,378	-4.41	4,111	4,312	4.89	99	12.63
Stockbridge	488,911	520,727	6.51	3,349	3,603	7.58	154	6.92
Stoneham	431,042	421,414	-2.23	4,198	4,294	2.29	101	10.19
Stoughton	355,602	361,133	1.56	3,449	3,535	2.49	163	9.79
Stow	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	683,843	-2.70	9,221	9,758	5.82	8	14.27
Sunderland	281,981	287,909	2.10	3,477	3,472	-0.14	167	12.06
Sutton	365,460	345,687	-5.41	3,560	3,889	9.24	131	11.25
Swampscott	537,900	535,037	-0.53	6,917	7,293	5.44	26	13.63
Swansea	311,726	314,576	0.91	2,456	2,598	5.78	278	8.26
Taunton	310,499	298,299	-3.93	2,441	2,452	0.45	295	8.22
Templeton	236,150	235,471	-0.29	2,017	2,166	7.39	311	9.20
Tewksbury	377,576	368,408	-2.43	3,742	3,850	2.89	136	10.45
Tisbury*								
Tolland	300,395	300,124	-0.09	1,394	1,435	2.94	327	4.78
Topsfield	583,145	583,028	-0.02	6,747	7,008	3.87	29	12.02
Townsend	268,760	270,212	0.54	3,351	3,632	8.39	152	13.44
Truro	815,948	811,775	-0.51	3,386	3,645	7.65	151	4.49
Tyngsborough	381,687	369,939	-3.08	4,275	4,332	1.33	98	11.71
Tyringham	399,603	506,160	26.67	2,589	2,794	7.92	252	5.52
Upton	415,243	451,575	8.75	4,522	4,800	6.15	78	10.63
Uxbridge	333,698	341,752	2.41	3,427	3,578	4.41	155	10.47
Wakefield	420,766	425,008	1.01	4,006	4,101	2.37	118	9.65
Wales	183,872	196,656	6.95	2,431	2,580	6.13	281	13.12
Walpole	457,328	456,072	-0.27	4,903	4,939	0.73	67	10.83
Waltham*								
Ware	195,826	203,301	3.82	2,614	2,704	3.44	261	13.30
Wareham	318,343	317,746	-0.19	2,168	2,212	2.03	310	6.96
Warren	208,387	211,164	1.33	2,619	2,686	2.56	266	12.72
Warwick	189,680	189,647	-0.02	2,881	3,038	5.45	230	16.02
Washington	181,931	186,168	2.33	2,165	2,268	4.76	307	12.18
Watertown*								
Wayland	690,898	652,315	-5.58	9,548	9,772	2.35	7	14.98
Webster	279,461	282,628	1.13	2,328	2,309	-0.82	306	8.17
Wellesley	1,010,371	1,024,538	1.40	8,962	9,405	4.94	9	9.18
Wellfleet	656,827	643,081	-2.09	2,956	3,035	2.67	232	4.72
Wendell	147,518	157,723	6.92	2,645	2,700	2.08	263	17.12
Wenham	636,433	639,334	0.46	7,427	8,260	11.22	13	12.92
W. Boylston	316,696	309,932	-2.14	3,981	4,066	2.14	120	13.12
W. Bridgewater	352,555	350,690	-0.53	3,716	3,865	4.01	135	11.02
W. Brookfield	252,730	260,412	3.04	2,537	2,523	-0.55	287	9.69
W. Newbury	543,049	535,129	-1.46	5,859	6,068	3.57	42	11.34
W. Springfield	215,899	238,591	10.51	3,159	3,407	7.85	175	14.28
W. Stockbridge	458,732	470,895	2.65	4,037	4,191	3.81	108	8.90
W. Tisbury	1,053,559	1,149,003	9.06	4,615	4,711	2.08	82	4.10
Westborough	453,701	455,046	0.30	6,198	6,689	7.92	34	14.70
Westfield	238,258	239,396	0.48	3,102	3,244	4.58	192	13.55
Westford	470,337	467,844	-0.53	6,161	6,269	1.75	37	13.40
Westhampton	307,295	307,656	0.12	3,940	4,030	2.28	123	13.10
Westminster	296,341	296,443	0.03	3,476	3,540	1.84	162	11.94
Weston	1,339,054	1,362,448	1.75	13,739	14,537	5.81	1	10.67
Westport	444,208	438,647	-1.25	2,332	2,439	4.59	296	5.56
Westwood	652,864	659,649	1.04	7,005	7,744	10.55	20	11.74
Weymouth	333,137	338,308	1.55	3,022	3,143	4.00	210	9.29
Whately	253,792	273,663	7.83	3,886	3,935	1.26	126	14.38
Whitman	314,577	318,375	1.21	3,379	3,470	2.69	168	10.90
Wilbraham	303,595	305,451	0.61	4,414	4,551	3.10	91	14.90
Williamsburg	282,474	282,992	0.18	3,672	3,826	4.19	139	13.52
Williamstown	385,545	393,483	2.06	4,426	4,635	4.72	87	11.78
Wilmington	401,598	402,698	0.27	3,871	4,091	5.68	119	10.16
Winchendon	210,760	212,242	0.70	2,365	2,439	3.13	297	11.49
Winchester	755,415	773,245	2.36	7,803	8,173	4.74	14	10.57
Windsor	167,304	195,916	17.10	2,158	2,092	-3.06	313	10.68
Winthrop	394,307	383,946	-2.63	3,478	3,571	2.67	156	9.30
Woburn	370,009	370,429	0.11	3,356	3,401	1.34	176	9.18
Worcester	247,529	248,144	0.25	2,995	3,112	3.91	216	12.54
Worthington	231,539	252,124	8.89	2,795	3,038	8.69	231	12.05
Wrentham	444,654	431,033	-3.06	4,736	4,841	2.22	72	11.23
Yarmouth	408,904	384,493	-5.97	2,408	2,395	-0.54	301	6.23
State average	**406,673**	**403,695**	**-0.73**	**3,962**	**4,111**	**3.76**		**10.00**

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 333 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.

*Municipalities with residential exemptions do not provide sufficient data for this analysis.

^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

FY1999–FY2008 State Total Average Single-Family Tax Bill

Fiscal year	Avg. assessed value	Pct. change	Actual dollars	Pct. change	– Single-family tax bill – Adjusted by CPI	Pct. change	Adjusted by IPD*	Pct. change	Tax rate
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
Change	**230,155**		**1,554**		**526**		**238**		**–4.73**
Pct. change	**132.6**		**60.8**		**20.6**		**9.3**		**–32.1**

*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 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 or 617-626-2384. ■

[illegible]gal continued from page 3

In [illegible]view, the Northfield decisi[illegible]n the [illegible]r rights might be comp[illegible] to a rig[illegible] way which a hom[illegible]wner might [illegible] over an abutter's [illegible]. The right of [illegible] increases the [illegible]eowner's prope[illegible]alue since it [illegible]mits access and d[illegible]pment of [illegible] land, but the right of w[illegible]tself is [illegible] separately assessed.

For a related ar[illegible]ed "Lease of Public Property," [illegible] consult page two of the June/Ju[illegible]98 issue of City & Town which is a[illegible]e on our website. The article d[illegible]s the Massachusetts Supre[illegible]ud[illegible] Court decision of *Sisk v. A[illegible]ssors [illegible]ssex*, 426 Mass. 651 (1[illegible]) uphol[illegible]he taxation of su[illegible]r cottag[illegible]n land leased by [illegible]unicipality u[illegible] long-term leas[illegible]n Sisk, the taxes [illegible]e assessed [illegible]e entire value of th[illegible]ate withou[illegible]king into considerati[illegible]e lease[illegible]visions limiting occupan[illegible] the [illegible]ths of April to October. Thi[illegible] tic[illegible] especially relevant since [illegible] A[illegible]cited *Sisk* in the *Smith* decisi[illegible] [illegible]ussed 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 "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.

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

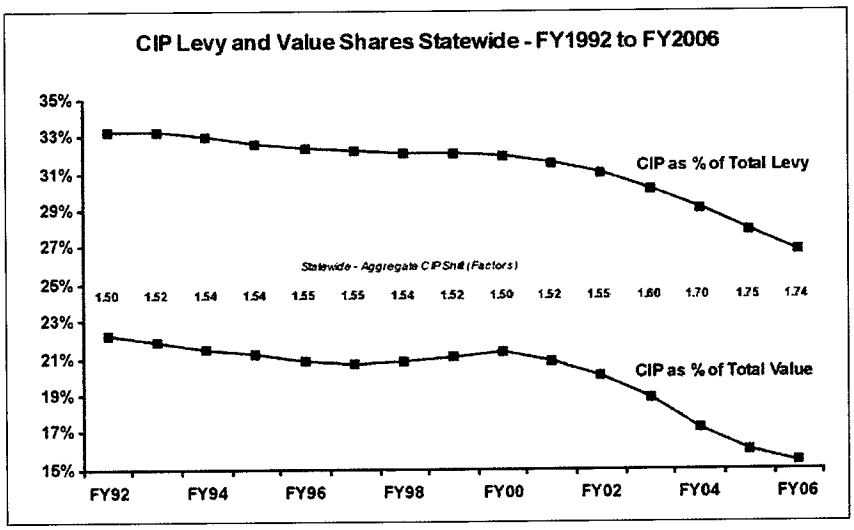

Figure 1

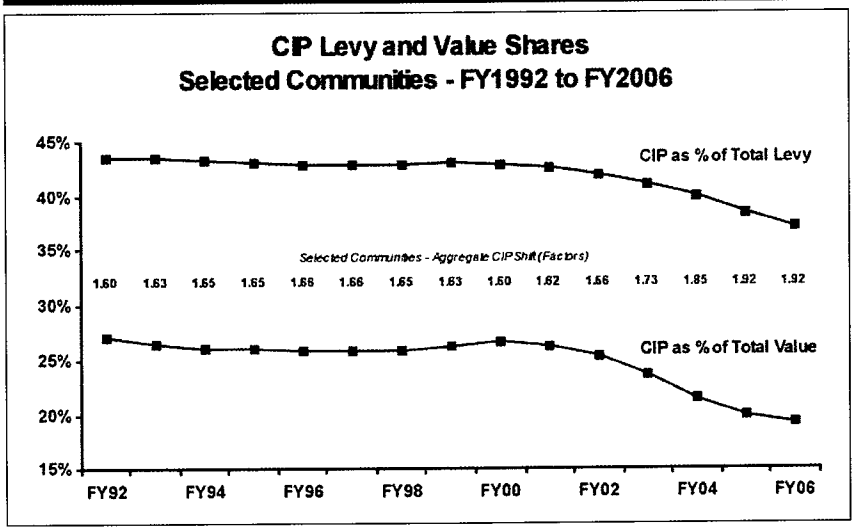

Figure 2

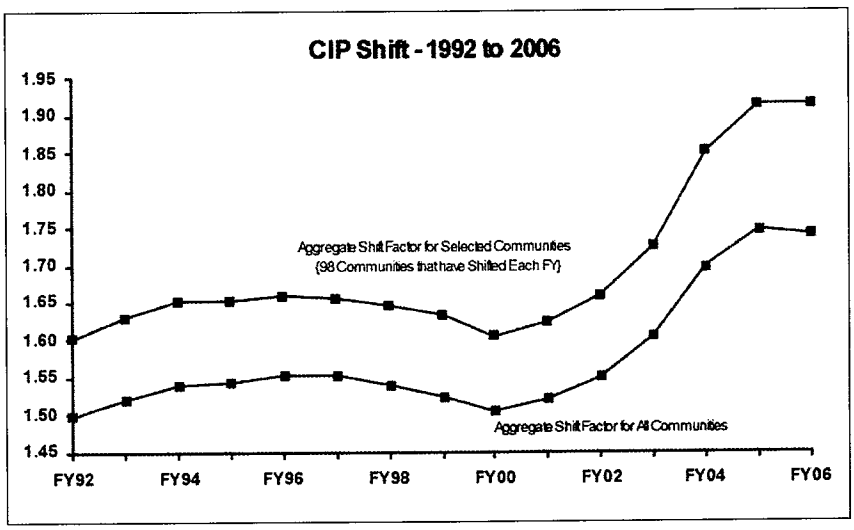

Figure 3

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

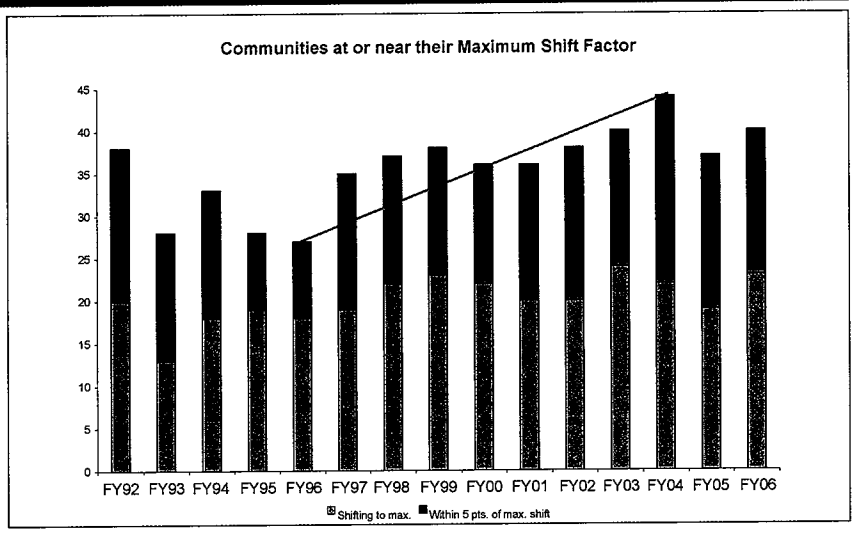

Figure 4

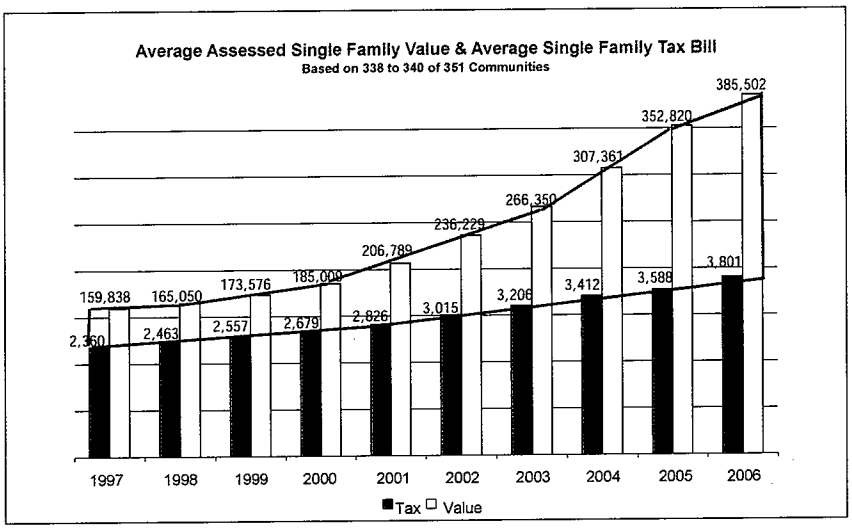

Figure 5

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

continued on page eight

w pellets. On a $/BTU basis, bulk wo ellets priced at about $200 per ton equivalent of paying $1.72/ gallon lo. 2 heating oil. It is worth noting th average residential heating oil pr as not been lower than $1.80/gallo e late 2004.

To help educa tential commercial/ institutional scale s on the benefits of wood pellets, D is developing a Wood Pellet Heating de, which will soon be available for load on the DOER website.

Additional Resources

Massachusetts Division of E Resources: www.mass.gov/do

Massachusetts Procurement — Statewide Contracts and Solicitati 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 gency (to improve and streamline gy regulation, promote greater ef cy in all energy uses, reduce ene costs and mobilize energy educa DOER coordinates and leads s al energy efficiency deployment grams including Energy Manage t Services and Rebuild Massach ts. DOER conducts outreach t get communities, publicizes local nership results and success stori ecruits other state agencies, an entifies relevant state technical an ancial resources.

The spec objective is to provide support leadership to state and local e s focusing on energy efficiency d sustainability, provide ongoing hnical and logistical support and seminate the results as models to munities and stakeholders to s ate further adoption of resource ency as a standard part of planning and implementing energy efficiency investments. This compre sive approach identifies opport s where, 1) action has alread ken place, 2) have current or pot l projects in target sectors, or ave the potential for municipal- energy management planning.

In response to comm es that have organized Energy C ittees or Commissions, DOER r ly launched the Energy Smart C unities Network to advance state community energy-savings effort fostering connections between cit nd towns, disseminating informatio d facilitating discussions focuse energy efficiency projects. The N ork listserv brings together com ities and individuals seeking s able energy solutions with their s in other cities and towns.

here is something particular you are oking for, or if you are just interested what other communities have done, directory will be able to assist you. A s must be willing to, 1) share information on local activities with other mem and 2) keep contact information to-date.

Any co nity that has an Energy and/or E onmental Committee or Commissio lead office dedicated to energy m gement can become a member of t etwork. Communities are asked to information about their goals and ities.

DOER maintains edits an address list of everyone w bscribes to the Energy Smart Net When someone wants to post a m age, s/he just sends an e-mail to t st address. Everyone on the list wi that message. If the topic is of ge interest, list members are encou d to respond or comment by repl to the list. Anyone interested may j nline at www.mass.gov/doer. ■

Editor's note: This article represents the o s and conclusions of the authors and not tho 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.**