

**TOWN of FOXBOROUGH
BOARD of SELECTMEN**

CLASSIFICATION HEARING

November 13, 2018

Presented by:

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Foxborough Board of Assessors

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EXECUTIVE SUMMARY

FY '19 TAX LEVY

- The Tax Levy is increasing by \$2.3 million or 4.82%. The increase is comprised of:
 - 2.42%, or \$1.16MM, as allowed by Proposition 2 1/2
 - 0.14%, or -\$66K in decreased Excluded Debt due to scheduled amortization of existing debt & no new debt.So the total tax increase related to pre-existing property is 2.28% or \$1.09 million.
New Growth taxes add 2.53% to the levy, or \$1.2 million.
- We continue to tax to the limits allowed by proposition 2 1/2
However, Foxborough has no General Overrides built into the levy.
Whereas 11 out of 15 area communities have an average additional General Override levy capacity of \$4.6 million.

FY '19 PROPERTY VALUES

- FY '19 total taxable property value increased by 3.48% , or \$107.8MM
 - Avg. Single Family Residential values (*including condominiums*) increased by 3.02%
 - Avg. Commercial, Industrial & Personal Property (CIP) values DEcreased by 0.76%
 - Over the last 10 years the average Residential value has INcreased by \$38.3K or 9.6%
- The average Single Family property value (*including condominiums*) has increased in FY '19 by \$12.8K to \$438K
- The average Single Family property value (*excluding Condos*) has increased in FY '19 by \$13K to \$454.5K
- Residential class of property totals 78.03% of all property value, which remains significantly higher than the 2010 baseline year
 - The remaining 21.97% of property value is associated with Commercial, Industrial and Personal (CIP) Property classes
 - Over the last nine years Residential property has increased from a low of 72.8% (FY '10) of the total valuation to the current 78.03%
 - 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
- If the Town reverted to a single tax rate, the tax impact to all Residential taxpayers in FY '19, resulting from this nine year trend in value shifting away from business taxpayers, is \$2.6MM in additional tax burden in FY '19 alone, (see analysis on p's.4 - 9 & 15)

FY '19 TAX RATE

- Assuming no split tax rate, then the tax rate per \$1,000 in assessed value will increase by 6.86%, or \$1.00, for Residential classes, and will decrease by 14.2%, or \$2.58, 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 \$10.91 to \$15.57
- Assuming the current split was maintained, the Residential tax rate would decrease by \$0.07 to \$14.64, and the Business rate would increase by \$0.72 to \$18.87

FY '19 TAX BILL

ASSUMING A SINGLE TAX RATE:

- Average Single Family tax (*including condominiums*) would increase by 10.09%, or \$625, to \$6,820
- Average Single Family tax (*excluding condominiums*) would increase by 10.02%, or \$644, to \$7,076
- Over the last 10 years the average Residential tax bill would have increased by \$2,459, or \$246 per year
- Average CIP tax would decline by 13.3%, or -\$1,720 to \$11,220

ASSUMING CURRENT SPLIT MAINTAINED:

- Average Single Family tax (*including condominiums*) would increase by 3.52%, or \$218, to \$6,413
- Average Single Family tax (*excluding condominiums*) would increase by 3.44%, or \$222, to \$6,654
- Over the last 10 years the average Residential tax bill would have increased by \$2,037, or \$204 per year
- Average CIP tax would increase by 5.08%, or \$658 to \$13,598

ASSUMING REDUCED SPLIT THAT EQUALIZES the TAX INCREASE PERCENTAGE:

- Average Single Family tax (*including condominiums*) would increase by 3.94%, or \$244, to \$6,439
- Average Single Family tax (*excluding condominiums*) would increase by 3.87%, or \$249, to \$6,681
- Over the last 10 years the average Residential tax bill would have increased by \$2,063, or \$206 per year
- Average CIP tax would increase by 3.97%, or \$514 to \$13,454

ASSUMING ORIGINALLY TARGETED SPLIT:

- Average Single Family tax (*including condominiums*) would increase by 2.74%, or \$170, to \$6,365
- Average Single Family tax (*excluding condominiums*) would increase by 2.67%, or \$172, to \$6,604
- Over the last 10 years the average Residential tax bill would have increased by \$1,989, or \$199 per year
- Average CIP tax would increase by 7.37%, or \$953 to \$13,893
- In FY '19, assuming a single tax rate, the top 12 taxpayers would comprise 16.4%, or \$8.18 million, of the tax levy
- Total CIP taxpayers, would comprise 21.96%, or \$10.97 million, of the tax levy

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

- Foxborough's FY '18 total valuation (\$1.91 billion) of Single Family property is 15.9%, or \$361 million less than the FY '18 average of the 15 area communities (\$2.27 billion) listed on page 14
 - 10 of the 15 towns had higher total valuations than Foxborough in FY '18
- Foxborough's FY '18 total number of Single Family parcels (4,324) is 16.3% less than the average of the 15 area communities (5,166)
 - 12 of the 15 towns had higher total single family parcels than Foxborough in FY '18
- Foxborough's FY '18 average Single Family valuation (\$441.5K) is 0.35% higher than the average of the 15 area communities (\$439.9K)
 - 9 of the 15 towns had lower average single family values than Foxborough in FY '18
- Foxborough's FY '18 average Single Family tax bill (\$6,432) is 3.2% lower than the average of the 15 area communities (\$6,645)
 - 7 of the 15 towns had higher average single family tax bills than Foxborough in FY '18
 - In FY '18 Foxborough's avg. residential tax bill ranked 83th in the State out of the 337 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 '18**
- FY '18 average Commercial Tax Rate of the 15 surrounding communities is \$19.97, with Foxborough \$1.62 less at \$18.15

SHIFTING THE FY '19 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 16 for Classification Considerations)*
- Shifts in the Residential Factor of up to 14.08% of the total tax burden can be approved by the Board
- For example: *(see page 15 for a wider range of options)*
 - A minimum 0.28% shift would reduce the average Residential tax bill by \$17.64 and conversely increase the average business tax bill by \$115.30, when compared to a single rate
 - A tax increase "equalizing" shift would be 5.60% and would reduce the average Residential tax bill by \$383.65 and conversely increase the average business tax bill by \$2,233.86, compared to a single rate
 - A 5.97% shift would maintain the current split and reduce the average Residential tax bill by \$410.11 and conversely increase the average business tax bill by \$2,377.98, compared to a single rate
 - Returning to the "targeted" split, a 6.70% shift would reduce the average Residential tax bill by \$458.61 and conversely increase the average business tax bill by \$2,673.42, compared to a single rate
 - A maximum shift of 14.08% would reduce the avg. Residential tax bill by \$965.73 and conversely increase the avg. business tax bill by \$5,606.26 compared to a single rate
- The Board of Assessors will most likely make a recommendation for a split tax rate at the meeting.

TAX LEVY COMPARISON
Current Split (FY '18) Maintained 73.38% / 26.62%
FY 2018 to FY 2019
Town of Foxborough

	FY 2018	FY 2019	Change	
			\$	%
<u>All Property</u>				
Tax Levy	47,676,474	49,973,658	2,297,184	4.82%
Property Values	3,099,900,790	3,207,684,970	107,784,180	3.48%
Rate - Residential	14.57	14.64	0.07	0.48%
Rate - Business	18.15	18.87	0.72	3.97%
<u>Residential & Condominium</u>				
Average Value	425,198	438,043	12,845	3.02%
Number of Parcels	4,841	4,903	62	1.28%
Average Tax	6,195	6,413	218	3.52%
<u>Residential (101)</u>				
Average Value	441,463	454,484	13,021	2.95%
Number of Parcels	4,324	4,346	22	0.51%
Average Tax	6,432	6,654	222	3.44%
<u>TOTAL Commercial, Industrial & Personal Property (CIP)</u>				
Total CIP Values	699,402,125	704,745,516	5,343,391	0.76%
Total CIP Accounts	981	978	(3)	-0.31%
Average CIP Tax	12,940	13,598	658	5.08%
<u>Commercial</u>				
Average Value	1,720,697	1,726,491	5,794	0.34%
Number of Accounts	298	297	(1)	-0.34%
Average Tax	31,231	32,579	1,348	4.32%
<u>Industrial</u>				
Average Value	617,525	641,793	24,268	3.93%
Number of Accounts	96	91	(5)	-5.21%
Average Tax	11,208	12,111	903	8.05%
<u>Personal Property</u>				
Average Value	216,954	208,576	(8,378)	-3.86%
Number of Accounts	587	590	3	0.51%
Average Tax	3,938	3,936	(2)	-0.05%

TAX LEVY COMPARISON
Single Rate (No Split) 78.03% / 21.97%
FY 2018 to FY 2019
Town of Foxborough

	FY 2018	FY 2019	Change	
			\$	%
<u>All Property</u>				
Tax Levy	47,676,474	49,973,658	2,297,184	4.82%
Property Values	3,099,900,790	3,207,684,970	107,784,180	3.48%
Rate - Residential	14.57	15.57	1.00	6.86%
Rate - Business	18.15	15.57	(2.58)	-14.21%
<u>Residential & Condominium</u>				
Average Value	425,198	438,043	12,845	3.02%
Number of Parcels	4,841	4,903	62	1.28%
Average Tax	6,195	6,820	625	10.09%
<u>Residential (101)</u>				
Average Value	441,463	454,484	13,021	2.95%
Number of Parcels	4,324	4,346	22	0.51%
Average Tax	6,432	7,076	644	10.02%
<u>TOTAL Commercial, Industrial & Personal Property (CIP)</u>				
Total CIP Values	699,402,125	704,745,516	5,343,391	0.76%
Total CIP Accounts	981	978	(3)	-0.31%
Average CIP Tax	12,940	11,220	(1,720)	-13.29%
<u>Commercial</u>				
Average Value	1,720,697	1,726,491	5,794	0.34%
Number of Accounts	298	297	(1)	-0.34%
Average Tax	31,231	26,881	(4,349)	-13.93%
<u>Industrial</u>				
Average Value	617,525	641,793	24,268	3.93%
Number of Accounts	96	91	(5)	-5.21%
Average Tax	11,208	9,993	(1,215)	-10.84%
<u>Personal Property</u>				
Average Value	216,954	208,576	(8,378)	-3.86%
Number of Accounts	587	590	3	0.51%
Average Tax	3,938	3,248	(690)	-17.53%

TAX LEVY COMPARISON
Originally Targeted Split 72.8% / 27.2%
FY 2018 to FY 2019
Town of Foxborough

	FY 2018	FY 2019	Change	
			\$	%
<u>All Property</u>				
Tax Levy	47,676,474	49,973,658	2,297,184	4.82%
Property Values	3,099,900,790	3,207,684,970	107,784,180	3.48%
Rate - Residential	14.57	14.53	(0.04)	-0.27%
Rate - Business	18.15	19.28	1.13	6.23%
<u>Residential & Condominium</u>				
Average Value	425,198	438,043	12,845	3.02%
Number of Parcels	4,841	4,903	62	1.28%
Average Tax	6,195	6,365	170	2.74%
<u>Residential (101)</u>				
Average Value	441,463	454,484	13,021	2.95%
Number of Parcels	4,324	4,346	22	0.51%
Average Tax	6,432	6,604	172	2.67%
<u>TOTAL Commercial, Industrial & Personal Property (CIP)</u>				
Total CIP Values	699,402,125	704,745,516	5,343,391	0.76%
Total CIP Accounts	981	978	(3)	-0.31%
Average CIP Tax	12,940	13,893	953	7.37%
<u>Commercial</u>				
Average Value	1,720,697	1,726,491	5,794	0.34%
Number of Accounts	298	297	(1)	-0.34%
Average Tax	31,231	33,287	2,056	6.58%
<u>Industrial</u>				
Average Value	617,525	641,793	24,268	3.93%
Number of Accounts	96	91	(5)	-5.21%
Average Tax	11,208	12,374	1,166	10.40%
<u>Personal Property</u>				
Average Value	216,954	208,576	(8,378)	-3.86%
Number of Accounts	587	590	3	0.51%
Average Tax	3,938	4,021	84	2.12%

TAX LEVY COMPARISON
Reduce Split (Equalize Tax Increase %) 73.65% / 26.35%
FY 2018 to FY 2019
Town of Foxborough

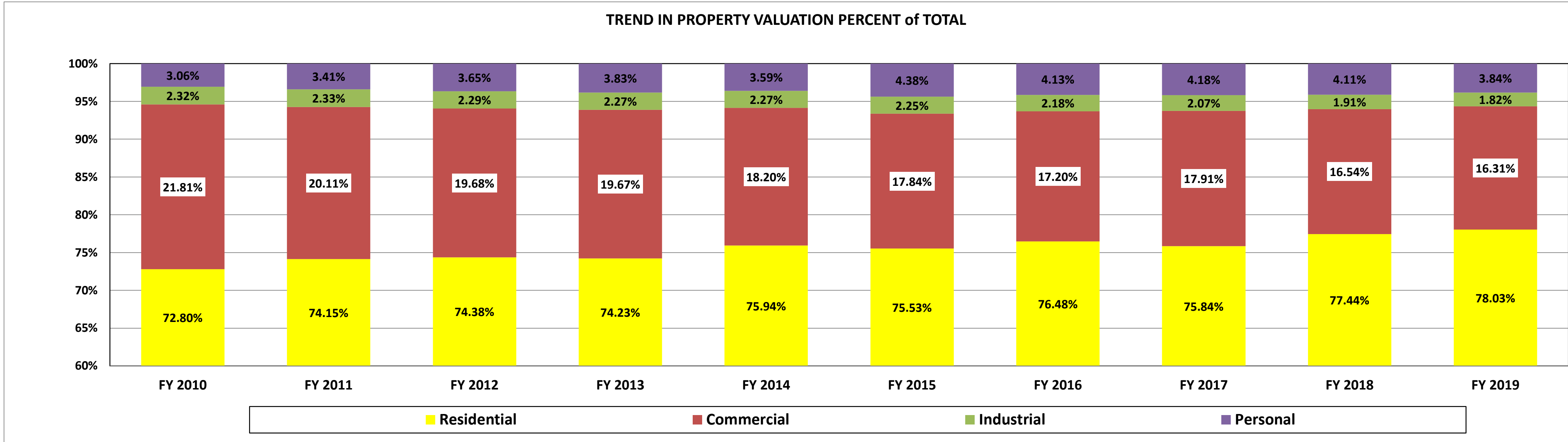
	FY 2018	FY 2019	Change	
			\$	%
<u>All Property</u>				
Tax Levy	47,676,474	49,973,658	2,297,184	4.82%
Property Values	3,099,900,790	3,207,684,970	107,784,180	3.48%
Rate - Residential	14.57	14.70	0.13	0.89%
Rate - Business	18.15	18.67	0.52	2.87%
<u>Residential & Condominium</u>				
Average Value	425,198	438,043	12,845	3.02%
Number of Parcels	4,841	4,903	62	1.28%
Average Tax	6,195	6,439	244	3.94%
<u>Residential (101)</u>				
Average Value	441,463	454,484	13,021	2.95%
Number of Parcels	4,324	4,346	22	0.51%
Average Tax	6,432	6,681	249	3.87%
<u>TOTAL Commercial, Industrial & Personal Property (CIP)</u>				
Total CIP Values	699,402,125	704,745,516	5,343,391	0.76%
Total CIP Accounts	981	978	(3)	-0.31%
Average CIP Tax	12,940	13,454	514	3.97%
<u>Commercial</u>				
Average Value	1,720,697	1,726,491	5,794	0.34%
Number of Accounts	298	297	(1)	-0.34%
Average Tax	31,231	32,234	1,003	3.21%
<u>Industrial</u>				
Average Value	617,525	641,793	24,268	3.93%
Number of Accounts	96	91	(5)	-5.21%
Average Tax	11,208	11,982	774	6.91%
<u>Personal Property</u>				
Average Value	216,954	208,576	(8,378)	-3.86%
Number of Accounts	587	590	3	0.51%
Average Tax	3,938	3,894	(44)	-1.11%

PROPERTY CLASSIFICATION & VALUATION HISTORY
FY 2010 - FY 2019

Town of Foxborough

Property Type	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		9 Year Change
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total	
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%	1,982,279,039	75.53%	2,140,170,186	76.48%	2,202,413,648	75.84%	2,400,498,665	77.44%	2,502,939,454	78.03%	5.23%
# of Accts.	5,481	83.31%	5,490	83.40%	5,487	84.03%	5,498	84.18%	5,507	84.49%	5,519	84.65%	5,539	85.02%	5,541	85.00%	5,614	85.13%	5,676	85.30%	
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%	468,264,761	17.84%	481,421,714	17.20%	520,200,452	17.91%	512,767,835	16.54%	523,282,746	16.31%	-5.50%
# of Accts.	294	4.47%	294	4.47%	306	4.69%	305	4.67%	304	4.66%	302	4.63%	300	4.60%	298	4.57%	298	4.52%	297	4.46%	
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%	58,923,800	2.25%	61,034,200	2.18%	60,164,700	2.07%	59,282,400	1.91%	58,403,200	1.82%	-0.50%
# of Accts.	91	1.38%	91	1.38%	92	1.41%	92	1.41%	93	1.43%	95	1.46%	95	1.46%	95	1.46%	96	1.46%	91	1.37%	
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%	115,027,120	4.38%	115,638,730	4.13%	121,402,820	4.18%	127,351,890	4.11%	123,059,570	3.84%	0.77%
# of Accts.	713	10.84%	708	10.75%	645	9.88%	636	9.74%	614	9.42%	604	9.26%	581	8.92%	585	8.97%	587	8.90%	590	8.87%	
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%	2,624,494,720	100.00%	2,798,264,830	100.00%	2,904,181,620	100.00%	3,099,900,790	100.00%	3,207,684,970	100.00%	
Total Accounts	6,579	100.00%	6,583	100.00%	6,530	100.00%	6,531	100.00%	6,518	100.00%	6,520	100.00%	6,515	100.00%	6,519	100.00%	6,595	100.00%	6,654	100.00%	

Please Note:
Fiscal Years 2010, 2014 & 2017 were revaluation years.



TAX IMPACT of PROPERTY VALUATION SHIFTS
From FY 2010 to FY 2019
Town of Foxborough

Property Type	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY '10 - '17 % Shift	FY '17 - '19 % Shift
	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total	Total Assessed Valuation	% of Total		
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%	1,982,279,039	75.53%	2,140,170,186	76.48%	2,202,413,648	75.84%	2,400,498,665	77.44%	2,502,939,454	78.03%	3.03%	2.19%
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%	468,264,761	17.84%	481,421,714	17.20%	520,200,452	17.91%	512,767,835	16.54%	523,282,746	16.31%	-3.90%	-1.60%
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%	58,923,800	2.25%	61,034,200	2.18%	60,164,700	2.07%	59,282,400	1.91%	58,403,200	1.82%	-0.25%	-0.25%
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%	115,027,120	4.38%	115,638,730	4.13%	121,402,820	4.18%	127,351,890	4.11%	123,059,570	3.84%	1.12%	-0.34%
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%	642,215,681	24.47%	658,094,644	23.52%	701,767,972	24.16%	699,402,125	22.56%	704,745,516	21.97%	-3.03%	-2.19%
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%	2,624,494,720	100.00%	2,798,264,830	100.00%	2,904,181,620	100.00%	3,099,900,790	100.00%	3,207,684,970	100.00%	0.00%	0.00%

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FY '19 Tax Levy	49,973,658
9 Year % Shift to Residential	5.23%
Tax Burden Shift	2,611,460

A Split Tax Rate of \$14.53 Residential and \$19.28 Business would shift back to the originally targeted split and \$2.6MM to Business taxpayers and result in the following changes:

Average Residential Tax Reduction	\$	458.61	compared to NO split.
Average CIP Tax Increase	\$	2,673.42	compared to NO split.

The Residential Factor to effect this split tax rate would be 0.9330.

TAX LEVY RECAP FY 2018 vs. FY 2019

Town of Foxborough

REVENUE USES:	FY 2018	FY 2019	Change	
			\$	%
Appropriations	78,333,815	86,318,868	7,985,053	10.19%
State Assessments	2,713,528	2,742,587	29,059	1.07%
Cherry Sheet Offsets	22,761	23,194	433	1.90%
Snow & Ice & Other Deficis	349,116	398,422	49,306	14.12%
Allowance for Abatements & Exemptions	1,291,753	1,147,812	(143,941)	-11.14%
Total Revenue to be Raised	82,710,973	90,630,883	7,919,910	9.58%
REVENUE SOURCES:				
NON-TAX REVENUE SOURCES:				
Cherry Sheet Receipts	11,262,011	11,184,071	(77,940)	-0.69%
Local Receipts	10,313,247	11,296,438	983,191	9.53%
Total Enterprise Revenue	8,360,036	8,590,234	230,198	2.75%
Free Cash	3,287,224	4,630,106	1,342,882	40.85%
Available Funds	1,811,981	4,956,375	3,144,394	173.53%
Total Non-Tax Revenue Sources	35,034,499	40,657,224	5,622,725	16.05%
TAX LEVY REQUIRED	47,676,474	49,973,658	2,297,184	4.82%
TOTAL TAX & NON-TAX REVENUE	82,710,973	90,630,883	7,919,910	9.58%

PROPOSITION 2 1/2 and TAX LEVY 10 YEAR HISTORY
FY 2010 - FY 2019

(\$ in 000's)

Town of Foxborough

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Prior Year's Levy Limit	28,545	31,490	32,571	33,971	35,341	36,800	38,564	40,615	42,583	45,237
ADD: 2 1/2%	714	787	814	849	884	925	964	1,015	1,065	1,131
ADD: New Growth	2,231	294	585	521	576	839	1,087	952	1,590	1,208
Subtotal Levy Limit	31,490	32,571	33,971	35,341	36,800	38,564	40,615	42,583	45,237	47,576
ADD: Debt Exclusions	1,420	2,036	2,444	2,933	2,862	2,799	2,737	2,585	2,470	2,404
TOTAL Levy Available	32,909	34,607	36,414	38,273	39,663	41,363	43,352	45,167	47,707	49,980
Actual Levy	32,892	34,595	36,409	38,260	39,653	41,362	43,333	45,160	47,676	49,974
Unused Levy	18	12	5	13	10	0	19	7	31	7
Tax Rate -Residential	11.79	12.94	13.73	14.54	14.99	15.19	14.82	15.04	14.57	<u>Voted Rates</u> 14.70
-Business			14.86	15.13	17.09	17.52	17.65	17.13	18.15	18.67
Total Property Valuation	2,789,786	2,673,488	2,596,959	2,604,133	2,558,999	2,624,495	2,798,265	2,904,182	3,099,901	3,207,685
Levy Ceiling (Outside Limit)	69,745	66,837	64,924	65,103	63,975	65,612	69,957	72,605	77,498	80,192

LARGEST PROPERTY TAXPAYERS - Voted Rates FY 2019

Town of Foxborough

Business Name	Nature of Business	FY 2019		
		Assessed Valuation	Tax Levy	% of Tax Levy
Foxboro Realty Associates & NPP LLC, Et Al	Sports, Entertainment & Mixed Use Real Estate	214,757,740	4,009,527	8.02%
Mayfair Realty Et Al (1)	Apartments	53,879,700	792,032	1.58%
Domain Foxboro Apartments, LLC (1)	Apartments	47,346,500	695,994	1.39%
Foxborough Lodge, L.P. (1)	Apartments	45,765,800	672,757	1.35%
Schneider Electric, Inc.	Process Controls	28,620,600	534,347	1.07%
Medical Information Technology	Software & Services	27,842,700	519,823	1.04%
Massachusetts Electric Co.	Electric Utility	27,197,210	507,772	1.02%
Elm Lodge Co, Walnut LLC, Spruce Meadows (1)	Apartments	23,042,800	338,729	0.68%
King-Foxboro, LLC	Real Estate	18,012,100	336,286	0.67%
Verizon Wireless	Communications	14,739,960	275,195	0.55%
Verizon	Communications	12,759,500	238,220	0.48%
Quincy Foxboro, LLC	Real Estate	12,708,800	237,273	0.47%
Sub-Total - Top 12 Accounts		526,673,410	9,157,954	18.33%
All Other Commercial, Industrial & Personal Property (CIP)		348,106,906	6,499,156	13.01%
Total Commercial, Industrial & Personal Property (1)		874,780,316	15,657,110	31.33%
		<i>Total CIP = 26.33%</i>		

(1) Foxborough Lodge, Mayfair, Domain & 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 2009 - FY 2019

Town of Foxborough

FY	# Parcels	Avg. Value	% Change	Tax Rate	Avg. Tax	% Change	\$ Change
2019	4,903	438,043	3.02%	14.70	6,439.24	3.80%	235.59
2018	4,841	425,198	6.42%	14.59	6,203.65	3.24%	194.48
2017	4,802	399,546	1.70%	15.04	6,009.16	3.21%	186.95
2016	4,786	392,862	7.03%	14.82	5,822.21	4.42%	246.58
2015	4,767	367,059	1.97%	15.19	5,575.63	3.33%	179.89
2014	4,745	359,956	-1.24%	14.99	5,395.74	1.82%	96.37
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

ACTUAL DOLLARS

Cumulative Change	368	38,285	9.6%	3.79	2,077.87	47.6%	2,137.45
10 Year Avg. Change	37	3,828	1.0%	0.38	207.79	4.8%	213.74

** A single rate is assumed for FY 2019 for presentation purposes.*

**COMMUNITY COMPARISONS of
FY 2016, 2017 & 2018 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	Commercial Tax Rate
Bellingham	2018	1,379,294,320	3.01%	4,688	294,218	14.41	4,240	3.14%	71.60	Yes	0.89	222	20.81
	2017	1,339,030,180	5.30%	4,671	286,669	14.34	4,111	4.61%	71.70	Yes	0.89	215	20.72
	2016	1,271,582,740	4.87%	4,624	274,996	14.29	3,930	4.19%	71.60	Yes	0.89	224	20.64
Canton	2018	2,810,967,700	3.35%	5,414	519,203	12.42	6,449	0.03%	76.50	Yes	0.80	82	25.86
	2017	2,719,941,100	3.17%	5,396	504,066	12.79	6,447	2.58%	78.00	Yes	0.81	76	26.34
	2016	2,636,304,100	4.02%	5,365	491,389	12.79	6,285	3.61%	77.94	Yes	0.81	75	26.36
Easton	2018	2,428,088,200	3.57%	5,651	429,674	16.21	6,965	3.34%	87.50	No	1.00	70	16.21
	2017	2,344,375,500	2.71%	5,642	415,522	16.22	6,740	2.95%	86.95	No	1.00	70	16.22
	2016	2,282,436,000	8.60%	5,644	404,400	16.19	6,547	4.65%	86.85	No	1.00	70	16.19
Franklin	2018	3,248,659,900	2.61%	7,702	421,794	14.65	6,179	2.91%	80.30	No	1.00	99	14.65
	2017	3,166,111,000	3.73%	7,688	411,825	14.58	6,004	3.97%	79.83	No	1.00	98	14.58
	2016	3,052,355,300	4.58%	7,664	398,272	14.50	5,775	2.09%	79.84	No	1.00	98	14.50
Mansfield	2018	2,312,158,700	3.06%	5,400	428,178	15.57	6,667	6.59%	77.80	Yes	0.92	75	21.42
	2017	2,243,503,650	6.38%	5,387	416,466	15.02	6,255	3.34%	76.78	Yes	0.93	83	20.08
	2016	2,108,942,300	4.81%	5,369	392,800	15.41	6,053	4.07%	77.07	Yes	0.93	84	20.58
Norfolk	2018	1,392,550,550	1.69%	3,075	452,862	18.62	8,432	2.90%	92.20	No	1.00	43	18.62
	2017	1,369,443,850	3.69%	3,045	449,735	18.22	8,194	3.12%	92.67	No	1.00	44	18.22
	2016	1,320,707,550	3.22%	3,005	439,503	18.08	7,946	4.51%	92.70	No	1.00	43	18.08
North Attleborough	2018	2,523,010,000	3.25%	6,845	368,592	13.34	4,917	4.04%	82.40	No	1.00	167	13.37
	2017	2,443,612,400	3.23%	6,836	357,462	13.22	4,726	3.01%	81.40	No	1.00	167	13.23
	2016	2,367,132,600	3.47%	6,821	347,036	13.22	4,588	3.89%	81.14	No	1.00	168	13.22
Norton	2018	1,500,346,000	4.80%	4,432	338,526	15.16	5,132	2.99%	84.80	No	1.00	155	15.16
	2017	1,431,591,220	7.10%	4,416	324,183	15.37	4,983	4.95%	85.39	No	1.00	152	15.37
	2016	1,336,673,720	2.27%	4,395	304,135	15.61	4,748	3.60%	84.96	No	1.00	158	15.61
Norwood	2018	2,544,344,150	4.23%	5,845	435,303	11.09	4,828	3.65%	71.70	Yes	0.77	173	22.47
	2017	2,441,122,800	4.56%	5,843	417,786	11.15	4,658	4.84%	71.29	Yes	0.78	174	22.46
	2016	2,334,748,200	4.75%	5,843	399,580	11.12	4,443	1.53%	70.13	Yes	0.78	177	21.71
Plainville	2018	708,684,800	4.35%	1,967	360,287	15.06	5,426	3.27%	72.20	Yes	0.96	140	17.57
	2017	679,126,000	3.13%	1,939	350,245	15.00	5,254	3.94%	70.91	Yes	0.96	134	17.55
	2016	658,520,200	7.51%	1,932	340,849	14.83	5,055	2.97%	70.01	Yes	0.96	134	16.81
Sharon	2018	2,908,196,000	3.29%	5,328	545,833	19.37	10,573	1.88%	92.90	No	1.00	23	19.37
	2017	2,815,686,500	4.97%	5,323	528,966	19.62	10,378	2.27%	93.20	No	1.00	20	19.62
	2016	2,682,473,400	6.79%	5,316	504,604	20.11	10,148	5.52%	93.34	No	1.00	20	20.11
Stoughton	2018	2,275,281,400	4.71%	6,615	343,958	14.81	5,094	6.95%	79.90	Yes	0.87	157	26.14
	2017	2,172,941,300	7.15%	6,611	328,686	14.49	4,763	3.61%	79.05	Yes	0.86	166	25.79
	2016	2,027,920,500	3.33%	6,604	307,075	14.97	4,597	2.04%	78.49	Yes	0.86	167	26.02
Walpole	2018	3,187,499,500	4.27%	6,548	486,790	15.27	7,433	3.70%	86.70	Yes	0.96	60	20.33
	2017	3,056,923,600	5.07%	6,538	467,562	15.33	7,168	3.11%	86.62	Yes	0.96	59	20.41
	2016	2,909,546,700	5.37%	6,512	446,798	15.56	6,952	3.87%	86.50	Yes	0.96	59	20.73
Westwood	2018	3,298,241,650	0.54%	4,514	730,669	15.09	11,026	4.06%	84.90	Yes	0.88	17	29.30
	2017	3,280,610,600	3.51%	4,511	727,247	14.57	10,596	2.75%	85.19	Yes	0.88	18	28.20
	2016	3,169,428,550	7.61%	4,506	703,380	14.66	10,312	3.13%	85.54	Yes	0.88	17	28.27
Wrentham	2018	1,533,643,500	5.86%	3,461	443,121	14.24	6,310	3.89%	79.70	Yes	0.95	92	18.25
	2017	1,448,804,200	3.92%	3,399	426,244	14.25	6,074	2.60%	79.22	Yes	0.94	93	18.75
	2016	1,394,110,400	7.17%	3,363	414,544	14.28	5,920	1.28%	79.02	Yes	0.94	90	18.55
Average	2018	2,270,064,425	3.33%	5,166	439,934	15.02	6,645	3.45%	81.41	9 Yes / 6 No		105	19.97
Average	2017	2,196,854,927	4.44%	5,150	427,511	14.94	6,423	3.27%	81.21	9 Yes / 6 No		105	19.84
Average	2016	2,103,525,484	5.26%	5,131	411,291	15.04	6,220	3.54%	81.01	9 Yes / 6 No		106	19.83
FOXBOROUGH	2019	1,975,187,100	3.47%	4,346	454,484	14.70	6,681	3.87%	78.03%	Yes	0.94	TBD	18.67
FOXBOROUGH	2018	1,908,885,800	7.51%	4,324	441,463	14.57	6,432	3.62%	77.44%	Yes	0.95	83	18.15
FOXBOROUGH	2017	1,775,541,400	1.69%	4,302	412,725	15.04	6,207	3.10%	75.84%	Yes	0.97	85	17.13
FOXBOROUGH	2016	1,746,060,500	7.33%	4,298	406,250	14.82	6,021	4.37%	76.48%	Yes	0.96	85	17.65

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	Business
No Classification						NO SPLIT			
Average Residential	440,969	15.57	6,865.89	0.00%	-	1.000000	0.00%	78.03%	21.97%
Average CIP	720,599	15.57	11,219.72	0.00%	-				
1.01 CIP Shift									
Average Residential	440,969	15.53	6,848.25	-0.26%	(17.64)	0.997200	0.28%	77.81%	22.19%
Average CIP	720,599	15.73	11,335.02	1.03%	115.30				
1.02 CIP Shift									
Average Residential	440,969	15.48	6,826.20	-0.58%	(39.69)	0.994400	0.56%	77.59%	22.41%
Average CIP	720,599	15.88	11,443.11	1.99%	223.39				
1.05 CIP Shift									
Average Residential	440,969	15.35	6,768.87	-1.41%	(97.01)	0.985900	1.41%	76.93%	23.07%
Average CIP	720,599	16.35	11,781.79	5.01%	562.07				
1.08 CIP Shift									
Average Residential	440,969	15.22	6,711.55	-2.25%	(154.34)	0.977500	2.25%	76.27%	23.73%
Average CIP	720,599	16.82	12,120.47	8.03%	900.75				
1.10 CIP Shift									
Average Residential	440,969	15.13	6,671.86	-2.83%	(194.03)	0.971800	2.82%	75.83%	24.17%
Average CIP	720,599	17.13	12,343.86	10.02%	1,124.13				
1.15 CIP Shift									
Average Residential	440,969	14.91	6,574.85	-4.24%	(291.04)	0.957800	4.22%	74.73%	25.27%
Average CIP	720,599	17.91	12,905.92	15.03%	1,686.20				
1.18 CIP Shift									
Average Residential	440,969	14.78	6,517.52	-5.07%	(348.37)	0.949300	5.07%	74.07%	25.93%
Average CIP	720,599	18.37	13,237.40	17.98%	2,017.68				
1.199 CIP Shift						EQUALIZE TAX INCREASE VOTED FY 2019			
Average Residential	440,969	14.70	6,482.24	-5.59%	(383.64)	0.944000	5.60%	73.66%	26.34%
Average CIP	720,599	18.67	13,453.58	19.91%	2,233.86				
1.20 CIP Shift									
Average Residential	440,969	14.69	6,477.83	-5.65%	(388.05)	0.943700	5.63%	73.64%	26.36%
Average CIP	720,599	18.68	13,460.78	19.97%	2,241.06				
1.205 CIP Shift						EQUALIZE TAX INCREASE % SPLIT - VOTED FY 2017			
Average Residential	440,969	14.67	6,469.01	-5.78%	(396.87)	0.942300	5.77%	73.53%	26.47%
Average CIP	720,599	18.76	13,518.43	20.49%	2,298.71				
1.21 CIP Shift									
Average Residential	440,969	14.65	6,460.19	-5.91%	(405.69)	0.940900	5.91%	73.42%	26.58%
Average CIP	720,599	18.84	13,576.08	21.00%	2,356.36				
1.212 CIP Shift						FY 2016 & FY 2018 VOTED SPLIT			
Average Residential	440,969	14.64	6,455.78	-5.97%	(410.10)	0.940300	5.97%	73.37%	26.63%
Average CIP	720,599	18.87	13,597.70	21.19%	2,377.98				
1.23 CIP Shift									
Average Residential	440,969	14.56	6,420.51	-6.49%	(445.38)	0.935200	6.48%	72.98%	27.02%
Average CIP	720,599	19.15	13,799.46	22.99%	2,579.74				
1.238 CIP SHIFT						WE WERE HERE - ORIGINALLY TARGETED SPLIT			
Average Residential	440,969	14.53	6,407.28	-6.68%	(458.61)	0.933000	6.70%	72.80%	27.20%
Average CIP	720,599	19.28	13,893.14	23.83%	2,673.42				
1.25 CIP Shift									
Average Residential	440,969	14.47	6,380.82	-7.06%	(485.07)	0.929600	7.04%	72.54%	27.46%
Average CIP	720,599	19.46	14,022.85	24.98%	2,803.13				
1.30 CIP Shift									
Average Residential	440,969	14.25	6,283.81	-8.48%	(582.08)	0.915500	8.45%	71.44%	28.56%
Average CIP	720,599	20.24	14,584.92	29.99%	3,365.20				
1.40 CIP Shift									
Average Residential	440,969	13.82	6,094.19	-11.24%	(771.70)	0.887400	11.26%	69.24%	30.76%
Average CIP	720,599	21.80	15,709.05	40.01%	4,489.33				
1.50 CIP Shift									
Average Residential	440,969	13.38	5,900.16	-14.07%	(965.72)	0.859200	14.08%	67.04%	32.96%
Average CIP	720,599	23.35	16,825.98	49.97%	5,606.26				

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, politics, or economics?

http://www.thesunchronicle.com/news/local_news/residences-would-save-under-mansfield-tax-rate-split/article_0d9f9575-cc1c-509a-a89f-aebba49aa361.html

Residences would save under Mansfield tax rate split

By Rick Foster rfoster@thesunchronicle.com Oct 19, 2017



The Mansfield Town Hall overlooking the South Common in Mansfield. (File photo)

Tom Maguire / The Sun Chronicle/

MANSFIELD — Selectmen increased the split between tax rates for residences and industrial and commercial property, providing homeowners some relief from forthcoming property tax hikes.

Currently, the rate charged to business property is 24 percent higher than it would be if all properties were taxed the same, while residential property is taxed at a rate that is 24 percent less.

But selectmen agreed to hike the split to 27 percent Wednesday, softening the blow of forthcoming property tax increases.



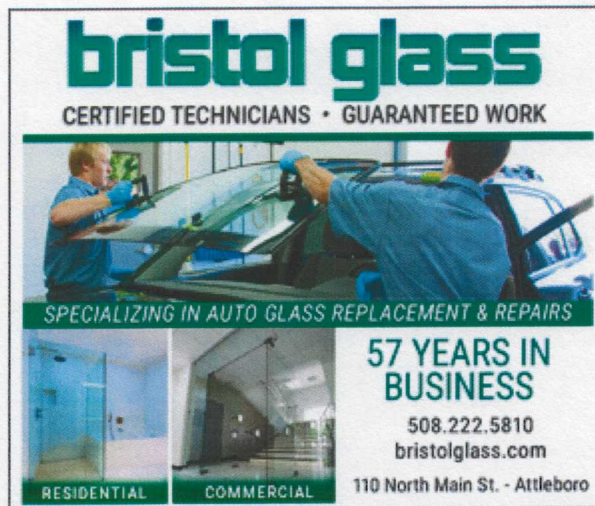
According to selectmen and board of assessors, the average residential property assessed at \$428,000 could expect a fiscal 2018 tax increase of \$475 under the old split. Under the new division, that would be reduced to \$400.

Selectmen said the full impact of the new rate would not be felt until the second half of the fiscal year.

The new effective tax rates would be approximately \$15.58 for residential property, a 56 cent increase, while the business rate would go to \$21.43, a \$1.35 increase.

The new rates are approximate because they must first be approved by the Massachusetts Department of Revenue.

Selectman Steve Schoonveld initially recommended that the town stick with the current rate split saying it is important that the rate remain consistent.



However, Selectman Jess Aptowitz said residential taxpayers need some relief from higher taxes.

A portion of the increase stems from an override approved for the construction of the town's new \$34 million police-fire and public works garage complex.

Officials said some relief is expected beginning next year as previous overrides to finance school construction expire.

Rick Foster can be reached at 508-236-0360.

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: $\text{Prior Year's Levy Limit} \times 1.025 + \text{New Growth} = \text{Current Year Levy Limit}$

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 rolls. 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

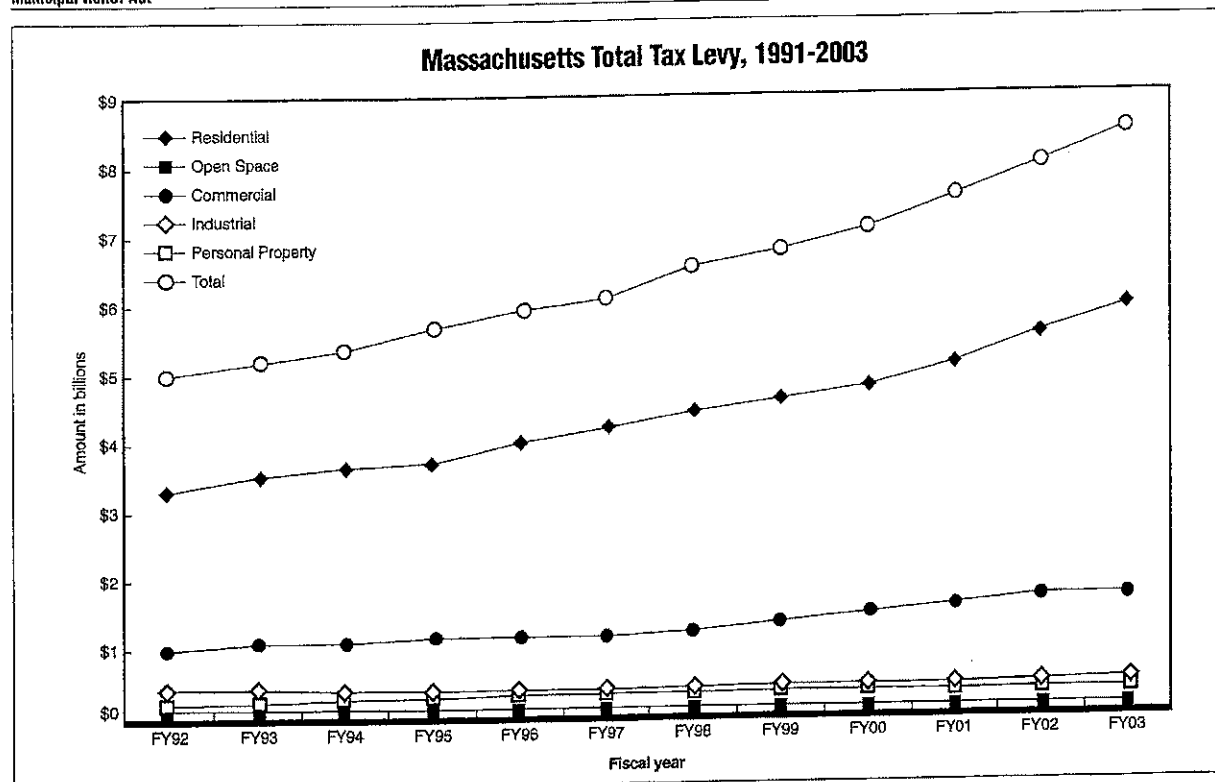


Figure 1

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, Peterborough, 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. ■

The Shift Was On

Split Tax Rates FY1992 to FY2006

James Paquette

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

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

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

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

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

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

Chapter 200 of the Acts of 1988 provides relief for those communities in which the maximum shift results in a residential share which is larger than that of the prior year. For those communities, the limits have been raised. They may increase the CIP share of the levy by 75 percent as long as the residential class would not be reduced to less than 50 percent of its original share. However, this new residential share cannot be less than the residential share in any year since the community's values were first certified at full and fair cash value.

A change in circumstances

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

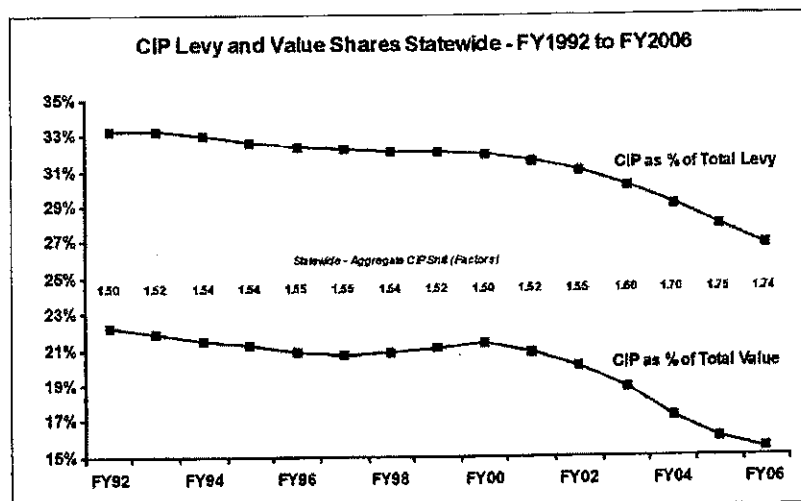


Figure 1

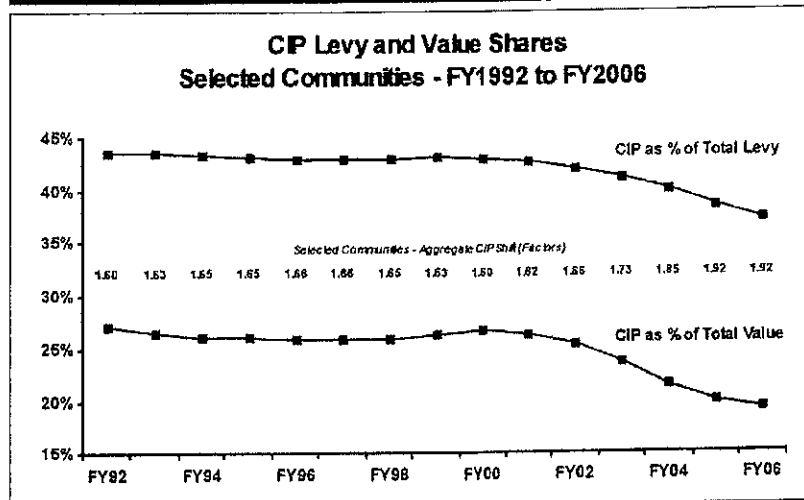


Figure 2

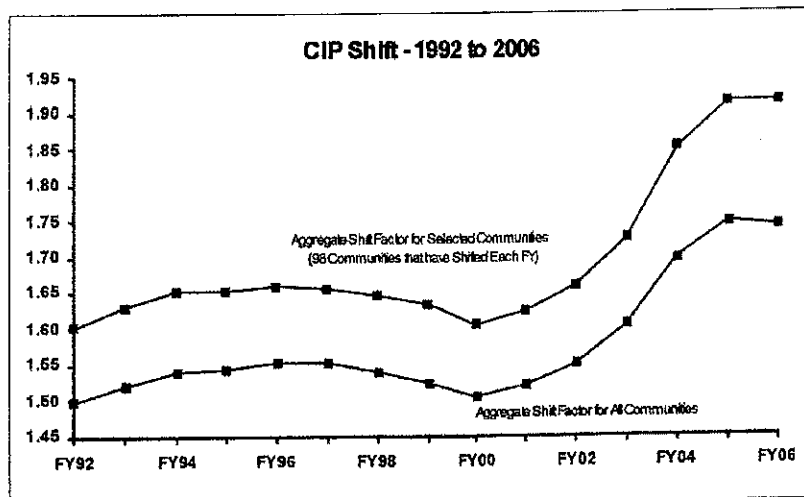


Figure 3

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

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

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

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

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

A reaction to the changing circumstances

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

The impact

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

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

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

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

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

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

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

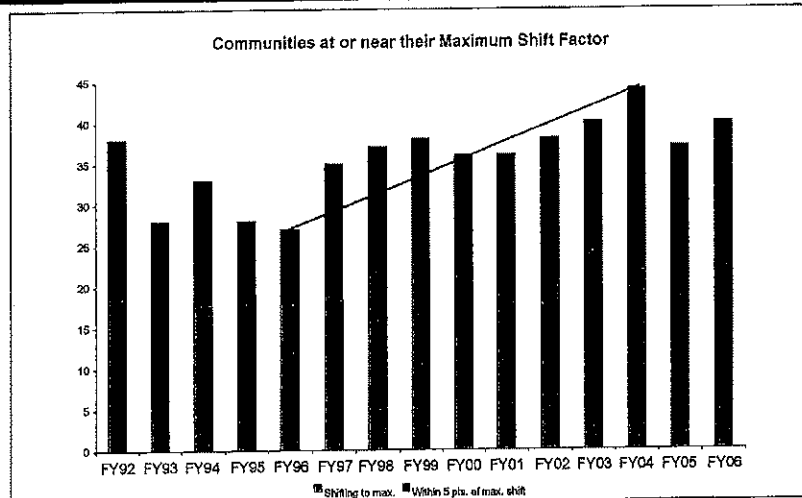


Figure 4

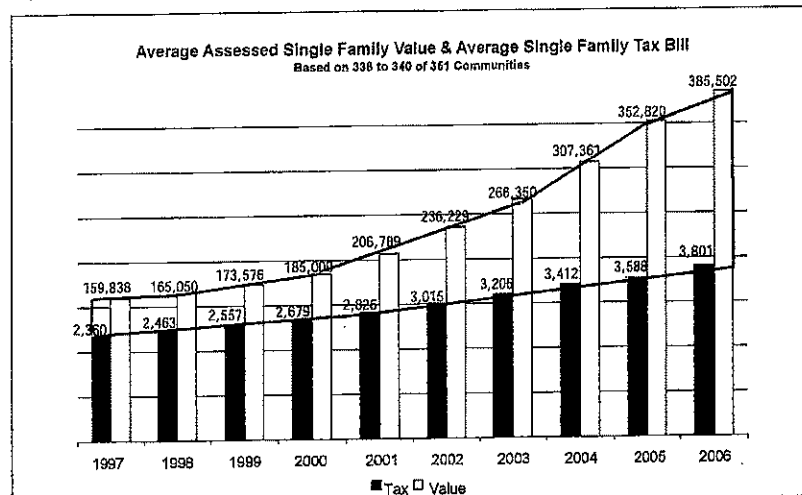


Figure 5

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

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

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

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

wood pellets. On a \$/BTU basis, bulk wood pellets priced at about \$200 per ton is the equivalent of paying \$1.72/gallon for 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.html

Energy Efficiency Opportunities

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

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

ciency investments. This comprehensive approach identifies opportunities where, 1) action has already been taken, 2) have current or potential projects in target sectors, or 3) have the potential for municipal-scale 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, fostering connections between cities and towns, disseminating information and facilitating discussions focused on energy efficiency projects. The network listserv brings together communities and individuals seeking sustainable energy solutions with their counterparts in other cities and towns.

If there is something particular you are looking for, or if you are just interested in what other communities have done, the directory will be able to assist you. All cities 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, a lead office dedicated to energy management can become a member of the network. Communities are asked to share information about their goals and activities.

DOER maintains and updates an address list of everyone who subscribes to the Energy Smart Network. When someone wants to post a message, s/he just sends an e-mail to the list address. Everyone on the list will 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.**