

Tax Classification Hearing- FY2020

*Annual adoption of the Residential Factor and
other options per MGL Chapter 40 s.56*

presented by

William G. Naser, MAA - Chief Assessor

Board of Assessors

Elizabeth Fekete, Chair

Kathryn Peirce, Clerk

Jeremy Bombard, Member

Hearing opened on November 7, 2019/ Continued to November 19, 2019



FY2020 – Interim Tax Year

Value Assessment date is *January 1, 2019 for FY2020*

All values are analyzed by reviewing the following:

- **RESIDENTIAL VALUES** - Real estate sales from *Calendar Year 2018*, and if necessary, a portion of *Calendar Year 2019*; also information from Marshall & Swift residential cost manual.
- **COMMERCIAL & INDUSTRIAL VALUES** – Industry sources and use of written returns of information for real property, from *Calendar Year 2018* property income and expenses.
- **PERSONAL PROPERTY VALUES** – Cost tables and use of written returns of information on business assets from *Calendar Year 2018*.

City Wide Value Change - FY 2019 vs. FY 2020

PROPERTY CLASS	FY2019		FY2020 approved		OVERALL CHANGE	
	ASSESSED VALUATION	PERCENT OF TOTAL VALUATION	ASSESSED VALUATION	PERCENT OF TOTAL VALUATION	ASSESSED VALUATION	PERCENT CHANGE
RESIDENTIAL	7,555,906,005	77.2%	8,152,699,384	78.1%	596,793,379	7.9%
OPEN SPACE	-	-	-	-	-	-
TOTAL RES. & OS	7,555,906,005	77.2%	8,152,699,384	78.1%	596,793,379	7.9%
COMMERCIAL	1,608,831,843	16.4%	1,620,756,141	15.5%	11,924,298	0.7%
INDUSTRIAL	312,394,780	3.2%	344,244,880	3.3%	31,850,100	10.2%
PERSONAL	310,683,627	3.2%	326,816,545	3.1%	16,132,918	5.2%
TOTAL CIP	2,231,910,250	22.8%	2,291,817,566	21.9%	59,907,316	2.7%
TOTALS	9,787,816,255	100.0%	10,444,516,950	100.0%	656,700,695	6.7%
RE EXEMPT VALUE	1,081,565,335	-	1,219,279,290	-	-	12.7%

FY2020 Value Summary by Class

Overall percentage adjustments

- RESIDENTIAL Class: Value Increased by 7.9%
Class 1 Residential (18,787 total parcels; 13,507 single family homes, 3,160 residential condominiums)
- COMMERCIAL Class: Value Increased by 0.7%
Class 3 Commercial (834 parcels)
- INDUSTRIAL Class: Value Increased by 10.2%
Class 4 Industrial (107 parcels) *(*majority of change due reclassification of commercial properties to industrial)*
- PERSONAL Class: Value Increased by 5.2%
Class 5 Personal (Business assets, 1168 accounts)

Value Trends/Comments

Residential

- Single family – parcel increase (+10) & value increase
- Condominiums – parcel decrease (-18) & value increase....139 Hollis St, 'Hollis Place' dissolved condo ownership (22 units), now apartments, however Northside Meadows & Clarks Hill Lane added value
- Apartment complexes - Value will be added as these projects develop.

Commercial & Industrial

- Neutral value growth in the commercial class, and higher increase for industrial properties due to re-classification of commercial buildings to industrial. Stable but office vacancies are increasing.

Personal Property 2 Areas (State valued, locally valued):

- Our smallest value segment. First area is state valued business assets in Framingham, 14 accounts, 20.0% of total PP value. Accounts such as Verizon, AT&T, and Tennessee Pipeline. Second area is other taxable business assets from local shops, restaurants, retail, gas stations, etc. 1,154 accounts, 80.0% of total value.

Taxable Value Summary: Current Year and Previous 9 Years

YEAR TYPE	FISCAL YEAR	TOTAL TAXABLE VALUE	PERCENT CHANGE FROM PREVIOUS YEAR
<i>Interim</i>	2020	10,444,516,950	6.71%
<u><i>Certification</i></u>	2019	9,787,816,255	8.11%
<i>Interim</i>	2018	9,053,348,365	6.61%
<i>Interim</i>	2017	8,491,991,206	6.88%
<i>Interim</i>	2016	7,945,015,743	4.41%
<u><i>Certification</i></u>	2015	7,609,478,571	5.08%
<i>Interim</i>	2014	7,241,593,787	-0.37%
<i>Interim</i>	2013	7,268,634,368	-3.47%
<u><i>Certification</i></u>	2012	7,529,736,477	0.94%
<i>Interim</i>	2011	7,459,613,764	-

Tax Levy New Growth

The tax levy new growth is new construction value increase, or items not previously assessed, which is added to increase value in either real or personal property areas. Then converted to a tax amount as part of the Proposition 2.5% calculation.

- *New Growth Valuation* is 132,522,600 which translates to *tax levy growth* of \$3,227,115 for FY2020.
- Base levy for FY2020 is \$192,649,912; total tax levy is **\$195,877,027.**

TAX LEVY NEW GROWTH – current year and previous 4 years

Fiscal Year		NEW GROWTH VALUATION	PRIOR YEAR TAX RATE	TAX LEVY GROWTH	TOTAL TAX LEVY GROWTH
2020	RES	67,304,941	0.01538	\$ 1,035,150	\$ 3,227,116
	CIP	65,217,659	0.03361	\$ 2,191,966	
	TOTAL	132,522,600			
2019	Total	121,166,939	-	-	\$ 3,224,491
2018	Total	132,686,808	-	-	\$ 3,202,597
2017	Total	129,726,449	-	-	\$ 3,155,119
2016	Total	70,004,390	-	-	\$ 2,073,552

Converting Value to Tax

◆ Tax Rate setting process ◆

- Work throughout the fiscal year to adjust and refine personal & real property values.
- Submit and receive approvals from DOR, Division of Local Services (value and new growth).
- Along with CFO, Accountant, and Tax Collector, complete state recap documents.
- Hold hearing, local officials choose tax burdens for taxpayers.
- Submit City Council choices to state for tax rate approval.

Development of Tax Rate

STEP 1:

Establish Property Values

• Residential/Open Space	8,152,699,384 (78.1%)
• Comm/Ind/Per Property	<u>2,291,817,566 (21.9%)</u>
TOTAL TAXABLE VALUE	10,444,516,950

(Exempt real property value is 1,219,279,290)

Development of Tax Rate

STEP 2:

Determine Single Tax Rate for All Property Classes

▪ Residential/Open Space	8,152,699,384
▪ Comm/Ind/PersProp	<u>2,291,817,566</u>
▪ TOTAL TAXABLE VALUE	10,444,516,950

Tax Levy divided by Total Taxable Value

$$\text{\$195,877,027} / \text{10,444,516,950} = \text{0.01875}$$

OR

\\$18.75/1000 value

Average Single Family Value 439,630. RE Tax Bill would be \\$8,243.

Development of Tax Rate

STEP 3:

Determine Split Tax Rate for Property Classes

- A residential factor of less than 1, reduces the share of the tax levy paid by the Residential & Open Space classes and increases the share paid by the Commercial and Industrial properties and Personal Property businesses.
- CIP taxpayers cannot pay more than 150% of full fair cash value; RO must pay at least 65% of FFCV.
- However, with Chapter 200, parameters can be expanded so CIP taxpayers pay a maximum of 175%, and RO taxpayers pay the greater of 50% of FFCV or lowest percentage share of the levy they have paid since classification began.
- Framingham meets this threshold, therefore the 175% shift is available.

Development of Tax Rate

STEP 4:

Determine Split Tax Rate for Property Classes

▪ **FY2019 Chosen Residential Factor 0.78730 / CIP SHIFT 1.72**

▪ Natural Full value shares:	RES 77.197%	CIP 22.803%
▪ City Council Chosen value shares:	RES 60.779%	CIP 39.221%
▪ <u>TAX RATES</u>	<u>RES 0.01538</u>	<u>CIP 0.03361</u>

▪ **FY2020 Residential Factor**

▪ Natural Full value shares:	RES 78.0572%	CIP 21.9428%
▪ City Council Chosen value shares:	RES 62.2584%	CIP 37.7416%
▪ <u>TAX RATES</u>	<u>RES 0.01498</u>	<u>CIP 0.03230</u>

Development of Tax Rate

STEP 5:

Determine Split Tax Rate for Property Classes

Estimated Tax Rates							
CIP SHIFT	RES FACTOR	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PERSONAL PROPERTY	RES SHARE PERCENTAGE	CIP SHARE PERCENTAGE
1.66	0.8145	15.27	31.13	31.13	31.13	63.5750	36.4250
1.67	0.8117	15.22	31.32	31.32	31.32	63.3555	36.6445
1.68	0.8088	15.17	31.51	31.51	31.51	63.1361	36.8639
1.69	0.8060	15.12	31.69	31.69	31.69	62.9167	37.0833
1.70	0.8032	15.06	31.88	31.88	31.88	62.6973	37.3027
1.71	0.8004	15.01	32.07	32.07	32.07	62.4778	37.5222
1.72	0.7976	14.96	32.26	32.26	32.26	62.2584	37.7416
1.73	0.7948	14.91	32.44	32.44	32.44	62.0390	37.9610
1.74	0.7920	14.85	32.63	32.63	32.63	61.8195	38.1805
1.75	0.7892	14.80	32.82	32.82	32.82	61.6001	38.3999
1.00	100.00	18.75	18.75	18.75	18.75	78.0572	21.9428

**All tax rates will change if the open space discount or the residential exemption or the small commercial exemption are chosen.*

Development of Tax Rate

STEP 6:

**Choose *Residential Factor/CIP Shift*
To determine tax share burden for property classes.**

To assist in you, the next slides display the following:

AVERAGE VALUES AND TAX BILL AMOUNTS:

- Single Family properties
- Residential Condominiums
- 2 Family properties
- 3 Family properties
- 4 or more unit properties
- Commercial properties
- Industrial properties
- Personal property accounts

HISTORIC:

- *CIP SHIFT/RES. Factor, Tax Levy*

Average Single Family Home Tax Bill

Estimated RE Tax - Average SF Dwelling using CIP factors from 1.66 -1.75			
CIP Shift Factor	RESIDENTIAL RATE	AVERAGE SINGLE FAMILY VALUE FY2020	FY2020 Tax Amount
1.66	\$ 15.27	439,630	\$6,713
1.67	\$ 15.22	439,630	\$6,691
1.68	\$ 15.17	439,630	\$6,669
1.69	\$ 15.12	439,630	\$6,647
1.70	\$ 15.06	439,630	\$6,621
1.71	\$ 15.01	439,630	\$6,599
1.72	\$ 14.96	439,630	\$6,577
1.73	\$ 14.91	439,630	\$6,555
1.74	\$ 14.85	439,630	\$6,529
1.75	\$ 14.80	439,630	\$6,507
1.00	\$18.75	439,630	\$8,243

SINGLE FAMILY: Value, Tax bill, and Percentage increases from previous year

10 YEAR						value	percent	tax dollars	tax dollars	percent
FISCAL YEAR	TOTAL VALUE: SINGLE FAMILY PARCELS	NUMBER OF SINGLE FAMILY PARCELS	CIP SHIFT	RES FACTOR	RES. TAX RATE	AVERAGE SINGLE FAMILY VALUE	AVG SF VALUE ADJUSTMENT FROM PREVIOUS YEAR	AVERAGE SF TAX BILL	DOLLAR AMOUNT CHANGE FROM PREVIOUS YEAR	TAX BILL AMOUNT PERCENT INCREASE FROM PREVIOUS YEAR
*2020	5,938,069,000	13,507	1.72	0.7976	\$ 14.96	439,630	5.52%	\$ 6,577	\$ 169	2.63%
2019	5,623,443,775	13,497	1.72	0.7873	\$ 15.38	416,650	7.86%	\$ 6,408	\$ 104	1.64%
2018	5,206,444,500	13,478	1.71	0.7810	\$ 16.32	386,300	5.17%	\$ 6,304	\$ 167	2.72%
2017	4,941,939,800	13,454	1.70	0.7780	\$ 16.71	367,300	5.27%	\$ 6,138	\$ 74	1.22%
2016	4,688,782,300	13,437	1.71	0.7825	\$ 17.38	348,900	4.46%	\$ 6,064	\$ 112	1.88%
2015	4,479,042,600	13,409	1.71	0.7815	\$ 17.82	334,000	3.15%	\$ 5,952	\$ 30	0.50%
2014	4,336,780,200	13,394	1.74	0.7778	\$ 18.29	323,800	-0.12%	\$ 5,922	\$ 139	2.40%
2013	4,336,186,300	13,377	1.74	0.7763	\$ 17.84	324,200	-4.87%	\$ 5,784	\$ 11	0.18%
2012	4,556,448,100	13,368	1.75	0.7791	\$ 16.94	340,800	5.12%	\$ 5,773	\$ 576	11.09%
2011	4,331,822,600	13,361	1.75	0.7561	\$ 16.03	324,200	-5.45%	\$ 5,197	\$ 218	4.38%
2010	4,575,143,100	13,343	1.75	0.7551	\$ 14.52	342,900	-	\$ 4,979	-	-

**Based on FY2020 tax levy amount of \$195,877,027; choosing 1.72 CIP tax burden shift.*

RESIDENTIAL CONDOMINIUMS

	10 YEAR		Average RES. CONDO - 10 YEAR HISTORY						
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	RES TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	TAX BILL PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)
(USING 1.72)	2020	102	3,160	687,425,940	217,540	14.96	\$ 3,254	\$ 253	11.46%
	2019	102	3,178	620,271,280	195,177	15.38	\$ 3,002	\$ 220	14.52%
	2018	102	3,158	538,226,360	170,433	16.32	\$ 2,781	\$ 355	17.37%
	2017	102	3,082	447,549,800	145,214	16.71	\$ 2,427	\$ 192	12.97%
	2016	102	2,962	380,742,200	128,542	17.38	\$ 2,234	\$ 98	7.22%
	2015	102	2,875	344,675,900	119,887	17.82	\$ 2,136	\$ 42	4.68%
	2014	102	2,868	328,458,700	114,525	18.29	\$ 2,095	\$ 44	-0.37%
	2013	102	2,868	329,669,500	114,948	17.84	\$ 2,051	\$ 67	-1.86%
	2012	102	2,866	335,669,500	117,121	16.94	\$ 1,984	\$ 16	-4.59%
	2011	102	2,931	359,788,700	122,753	16.03	\$ 1,968	-	-

2 FAMILY properties

	10 YEAR	Average 2 FAMILY - 10 YEAR HISTORY							
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	RES TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	TAX BILL PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)
(USING 1.72)	2020	104	1,004	408,815,400	407,187	14.96	\$ 6,092	\$ 593	13.89%
	2019	104	1,004	358,962,200	357,532	15.38	\$ 5,499	\$ 192	9.95%
	2018	104	1,003	326,162,200	325,187	16.32	\$ 5,307	\$ 298	8.49%
	2017	104	1,006	301,532,400	299,734	16.71	\$ 5,009	\$ 91	5.94%
	2016	104	1,007	284,903,100	282,923	17.38	\$ 4,917	\$ 219	7.31%
	2015	104	1,001	263,913,300	263,650	17.82	\$ 4,698	\$ 316	10.03%
	2014	104	1,005	240,804,200	239,606	18.29	\$ 4,382	\$ 28	-1.84%
	2013	104	1,003	244,824,300	244,092	17.84	\$ 4,355	\$ 157	-1.50%
	2012	104	1,006	249,300,400	247,814	16.94	\$ 4,198	\$ 170	-1.38%
	2011	104	1,007	253,037,800	251,279	16.03	\$ 4,028	-	-

3 FAMILY properties

10 YEAR		Average 3 FAMILY PROPERTY - 10 YEAR HISTORY							
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	RES TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	TAX BILL PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)
(USING 1.72)	2020	105	213	91,777,600	430,881	14.96	\$ 6,446	\$ 338	8.49%
	2019	105	209	83,003,600	397,146	15.38	\$ 6,108	\$ 336	12.29%
	2018	105	210	74,273,500	353,683	16.32	\$ 5,772	\$ 388	9.78%
	2017	105	217	69,913,500	322,182	16.71	\$ 5,384	\$ 30	4.59%
	2016	105	219	67,463,400	308,052	17.38	\$ 5,354	\$ 23	2.98%
	2015	105	219	65,513,700	299,149	17.82	\$ 5,331	\$ 111	4.83%
	2014	105	217	61,924,400	285,366	18.29	\$ 5,219	\$ (73)	-3.81%
	2013	105	218	64,670,700	296,655	17.84	\$ 5,292	\$ 659	8.46%
	2012	105	221	60,448,000	273,520	16.94	\$ 4,633	\$ 120	-2.85%
	2011	105	221	62,221,500	281,545	16.03	\$ 4,513	-	-

4 or MORE UNITS properties

10 YEAR		Average 4 or MORE UNITS - 10 YEAR HISTORY							
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	RES TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	TAX BILL PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)
(USING 1.72)	2020	111-125	288	881,882,600	3,062,092	14.96	\$ 45,809	\$ 4,958	15.28%
	2019	111-125	284	754,340,600	2,656,129	15.38	\$ 40,851	\$ 2,346	12.58%
	2018	111-125	281	662,987,300	2,359,385	16.32	\$ 38,505	\$ 739	4.39%
	2017	111-125	253	571,805,500	2,260,101	16.71	\$ 37,766	\$ 30	4.09%
	2016	111-125	253	549,331,100	2,171,269	17.38	\$ 37,737	\$ (1,941)	-2.48%
	2015	111-125	250	556,648,900	2,226,596	17.82	\$ 39,678	\$ 3,153	11.50%
	2014	111-125	250	499,244,700	1,996,979	18.29	\$ 36,525	\$ (4,407)	-12.96%
	2013	111-125	218	500,174,600	2,294,379	17.84	\$ 40,932	\$ 2,705	1.67%
	2012	111-125	221	498,709,600	2,256,605	16.94	\$ 38,227	\$ 6,404	13.67%
	2011	111-125	256	508,217,700	1,985,225	16.03	\$ 31,823	-	-

COMMERCIAL (300's)

10 YEAR		Average COMMERCIAL - 10 YEAR HISTORY							
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	CIP TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	TAX BILL PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)
(USING 1.72)	2020	300-399	834	1,567,293,900	1,879,249	32.26	\$ 60,625	\$ (3,443)	-1.41%
	2019	300-399	844	1,608,831,843	1,906,199	33.61	\$ 64,067	\$ 332	5.84%
	2018	300-399	868	1,563,224,925	1,800,950	35.39	\$ 63,736	\$ 99	3.35%
	2017	300-399	865	1,507,281,351	1,742,522	36.52	\$ 63,637	\$ 4,494	11.90%
	2016	300-399	865	1,346,998,840	1,557,224	37.98	\$ 59,143	\$ 484	3.51%
	2015	300-399	864	1,299,872,350	1,504,482	38.99	\$ 58,660	\$ 1,943	8.55%
	2014	300-399	866	1,200,300,512	1,386,028	40.92	\$ 56,716	\$ 1,237	-0.12%
	2013	300-399	868	1,204,498,235	1,387,671	39.98	\$ 55,479	\$ 1,890	-1.47%
	2012	300-399	863	1,215,435,396	1,408,384	38.05	\$ 53,589	\$ (2,554)	-6.91%
	2011	300-399	868	1,313,175,863	1,512,875	37.11	\$ 56,143	-	-

INDUSTRIAL (400's)

	10 YEAR	Average INDUSTRIAL - 10 YEAR HISTORY							
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	CIP TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	TAX BILL PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)
(USING 1.72)	2020	400-499	107	341,883,200	3,195,170	32.26	\$ 103,076	\$ 7,625	12.51%
	2019	400-499	110	312,394,780	2,839,953	33.61	\$ 95,451	\$ 1,986	7.53%
	2018	400-499	104	274,663,170	2,640,992	35.39	\$ 93,465	(1,272)	1.81%
	2017	400-499	104	269,788,250	2,594,118	36.52	\$ 94,737	2,790	7.15%
	2016	400-499	108	261,459,900	2,420,925	37.98	\$ 91,947	(2,116)	0.35%
	2015	400-499	111	267,785,500	2,412,482	38.99	\$ 94,063	5,409	11.35%
	2014	400-499	113	244,817,100	2,166,523	40.92	\$ 88,654	3,031	1.16%
	2013	400-499	112	239,864,800	2,141,650	39.98	\$ 85,623	3,741	-0.48%
	2012	400-499	116	249,626,900	2,151,956	38.05	\$ 81,882	1,565	-0.57%
	2011	400-499	116	251,056,800	2,164,283	37.11	\$ 80,317	-	-

PERSONAL PROPERTY

		10 YEAR	Average PERSONAL PROPERTY - 10 YEAR HISTORY							
	YEAR	CLASS	ACCOUNT TOTAL	TOTAL VALUE	AVERAGE VALUE	CIP TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	TAX BILL PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)	
(USING 1.72)	2020	500-599	1,168	326,816,545	279,809	32.26	\$ 9,027	\$ 390	8.89%	
	2019	500-599	1,209	310,683,627	256,976	33.61	\$ 8,637	\$ (36)	4.86%	
	2018	500-599	1,210	296,525,524	245,062	35.39	\$ 8,673	\$ (1,842)	-14.89%	
	2017	500-599	929	267,487,277	287,930	36.52	\$ 10,515	\$ (2,720)	-17.37%	
	2016	500-599	731	254,734,904	348,475	37.98	\$ 13,235	\$ 2,208	23.21%	
	2015	500-599	789	223,149,421	282,826	38.99	\$ 11,027	\$ (602)	-0.48%	
	2014	500-599	799	227,073,797	284,197	40.92	\$ 11,629	\$ 2,567	25.38%	
	2013	500-599	1,071	242,767,540	226,674	39.98	\$ 9,062	\$ (1,507)	-18.40%	
	2012	500-599	894	248,330,938	277,775	38.05	\$ 10,569	\$ 852	6.08%	
	2011	500-599	1,018	266,559,086	261,846	37.11	\$ 9,717	-	-	

HISTORIC: CIP SHIFT/RES FACTOR AND TAX LEVY

10 YEAR		HISTORIC - CIP SHIFT, RES FACTOR AND TAX LEVY					
FISCAL YEAR	RES TAX RATE	CIP TAX RATE	CIP SHIFT	TAX LEVY	RES FACTOR	RES SHARES	CIP SHARES
*2020	14.96	32.26	1.72	195,877,027	0.7920	62.258	37.742
2019	15.38	33.61	1.72	191,224,337	0.7873	60.777	39.223
2018	16.32	35.39	1.71	188,453,913	0.7810	59.921	40.079
2017	16.71	36.52	1.70	182,403,844	0.7780	59.070	40.930
2016	17.38	37.98	1.71	176,466,162	0.7825	59.899	40.101
2015	17.82	38.99	1.71	173,512,298	0.7815	59.757	40.243
2014	18.29	40.92	1.74	170,290,441	0.7778	59.821	40.179
2013	17.84	39.98	1.74	167,025,508	0.7763	59.613	40.387
2012	16.94	38.05	1.75	163,723,467	0.7791	60.179	39.821
2011	16.03	37.11	1.75	158,170,698	0.7561	57.050	42.950

*CIP SHIFT/RES FACTOR TO BE CHOSEN; USING 1.72 CIP SHIFT

STEP 6 (con't):

Choose *Residential Factor/CIP Shift*

To determine tax share burden for property classes.

- ***Single or Multiple Tax Rates (VOTED Residential Factor of 0.7976, CIP shift of 1.72)***

Municipalities must decide whether to reduce the share of the tax levy paid by the residential and open space property owners and shift tax burden to commercial, industrial, and personal property taxpayers.

Choosing to allocate tax burden, City Council must vote the residential factor which results in a percentage shift: decreases Residential and increases CIP.

ANNUAL OPTIONS (1 of 3)

▪ **Open Space Discount (VOTED NO)**

Class 2 property is property which is not otherwise classified and which is not taxable under the provisions of Chapter 61, 61A, or 61B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.

The Open Space Discount allows for designated land to receive up to 25% reduction or 75% of the residential factor. This discount increases the Residential Tax Rate.

(THIS OPTION HAS LESS BENEFIT THAN CHAPTER LAND DESIGNATION; IT IS INFREQUENTLY ENACTED BY COMMUNITIES)

Previously adopted by: Nantucket

ANNUAL OPTIONS (2 of 3)

▪ **Small Commercial Exemption (VOTED NO)**

The Small Commercial Exemption grants an exemption amount up to 10% of Class Three, Commercial properties that are occupied by businesses with an average annual employment of no more than 10 people and an assessed valuation of less than 1,000,000.

TAX RATE IMPACT: *Adopting a Small Commercial exemption increases the commercial and industrial tax rates. The amount of the tax levy paid by those two classes remains the same, but because of the exempted valuation, it is distributed over less assessed value. This higher rate creates a shift that reduces the taxes paid by owners of properties occupied by small businesses and shifts them to larger commercial and industrial taxpayers.*

Previously adopted by: Auburn, Avon, Bellingham, Braintree, Dartmouth, New Ashford, Seekonk, Somerset, Westford, Wrentham

ANNUAL OPTIONS (3 of 3)

▪ **Residential Exemption (VOTED NO)**

Adopting the residential exemption increases the residential tax rate. The amount of the tax levy paid by the Class remains the same, but because of the exempted valuation, it is distributed over less assessed value. This higher rate creates a shift within the class that reduces the taxes paid by homeowners with moderately valued properties. Those taxes are paid by owners of rental properties, vacation homes and higher valued homes.

Previously adopted by: Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Provincetown, Somerset, Somerville, Waltham, Watertown

Hearing Protocol

- *Tax burden choices and options made by City Council; majority vote*
- *Mayor has power to veto the city council's chosen percentages within 10 days, or decline sooner.*
- *City Council may override Mayor's veto with a 2/3^{rds} of the members vote*

Required Hearing Decisions by City Council

REQUIRED to choose

- *Choose Residential Factor/CIP shift for FY2020 (amount of tax burden shift)*

OPTIONS:

- **Open Space Discount; if yes, percentage amount, up to 25%**
- **Small Commercial Exemption; if yes, percentage amount, up to 10%**
- **Residential Exemption; if yes, percentage amount, up to 35%**



Thank You

