



# Fiscal 2022 Classification Hearing

December 7, 2021

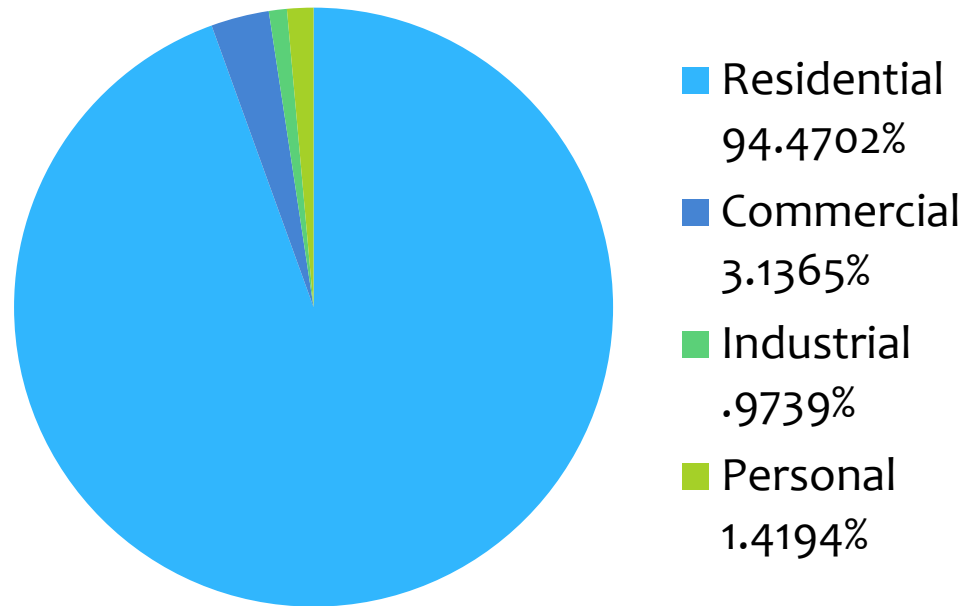
# Purpose

- \* Every year by statute the Board of Selectmen must decide if they want to split the tax rate.
- \* It is the responsibility of the Board of Assessors to provide the Board of Selectmen with relevant information regarding the fiscal effects of splitting the tax rate.

# Tax Rate

The tax rate is the tax levy divided by the town's total taxable valuation. This is known as the uniform tax rate. Each class of property pays a share of the tax levy equal to its share of the total town value.

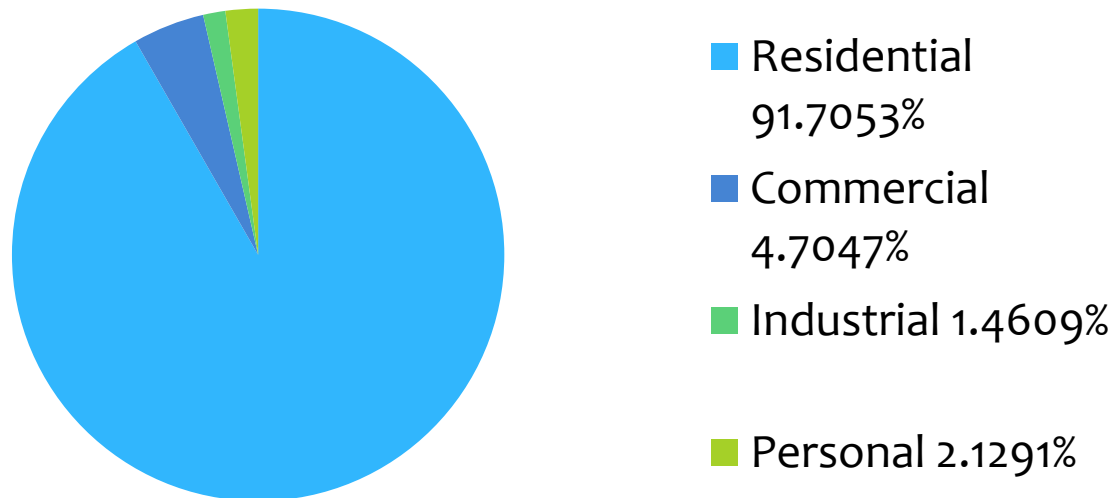
**% of Tax Levy**



# Residential Factor

A residential factor of less than “1” reduces the share of the tax levy paid by the residential properties and increases the share paid by the CIP properties. For example: if the BOS chose the maximum split rate (50%), the residential factor would be .97073, the residential tax rate would be \$16.91 and the CIP tax rate would be \$26.13.

**% of Tax Levy**



# Surrounding Towns' FY21 Tax Rates:

Town	Res. Rate	CIP Rate	Residential %
Dover	12.89	12.89	97.1763
Norfolk	17.99	17.99	92.5396
Millis	19.62	19.62	91.4962
Sherborn	19.63	19.63	95.6247
Walpole	14.84	19.72	83.6388
Westwood	14.78	28.59	74.9494
Medfield	17.76	17.76	94.4138

# History of Tax Rates in Medfield

Historically Medfield has always maintained a uniform tax rate. Shifting the tax rate would significantly increase the taxes for the CIP properties, while the residential properties would only benefit from a small savings.

# Overall Scenario

Commercial/Industrial/Personal Properties projected share of the tax levy: \$2,879,421

Last Year's CIP share = \$2,835,372

With a 10% shift                      \$3,167,363

With a 25% shift                     \$3,599,276

With a 50% shift                    \$4,319,132

# Individual Scenario

For a \$720,800 residential & commercial property based on an estimated tax rate of \$17.42:

	Residential		Commercial
	\$720,800		\$720,800
Single rate	\$12,556		\$12,556
10% shift	\$12,484		\$13,816
Difference	(\$72)		+\$1,260
25% shift	\$12,376		\$15,695
Difference	(\$180)		+\$3,139
50% shift	\$12,189		\$18,834
Difference	(\$367)		+\$6,278



# Historical Commercial/ Industrial/ Personal Data:

<u>Year</u>	<u>CIP%</u>	<u>Tax Dollars</u>	<u>Tax Levy</u>	<u>\$Tax Rate</u>
2017	5.4753	\$2,339,247	\$42,723,595	\$16.89
2018	5.6566	\$2,487,906	\$43,982,483	\$17.03
2019	5.4694	\$2,621,438	\$47,928,863	\$17.87
2020	5.6291	\$2,791,945	\$49,598,590	\$17.83
2021	5.5862	\$2,835,372	\$50,753,430	\$17.76
2022	5.5298	\$2,879,421	\$52,070,601	\$17.42

# Residential Category Single Family Averages

<u>Year</u>	<u>SFA Value</u>	<u>Tax \$</u>
2017	623,400	\$10,530
2018	634,700	\$10,809
2019	658,400	\$11,766
2020	676,500	\$12,062
2021	692,400	\$12,297
2022	720,800	\$12,556

# Vote

Adopting a residential factor of “1” will result in the taxation of all property at the same rate.