



# Fiscal 2023 Classification Hearing

December 6, 2022

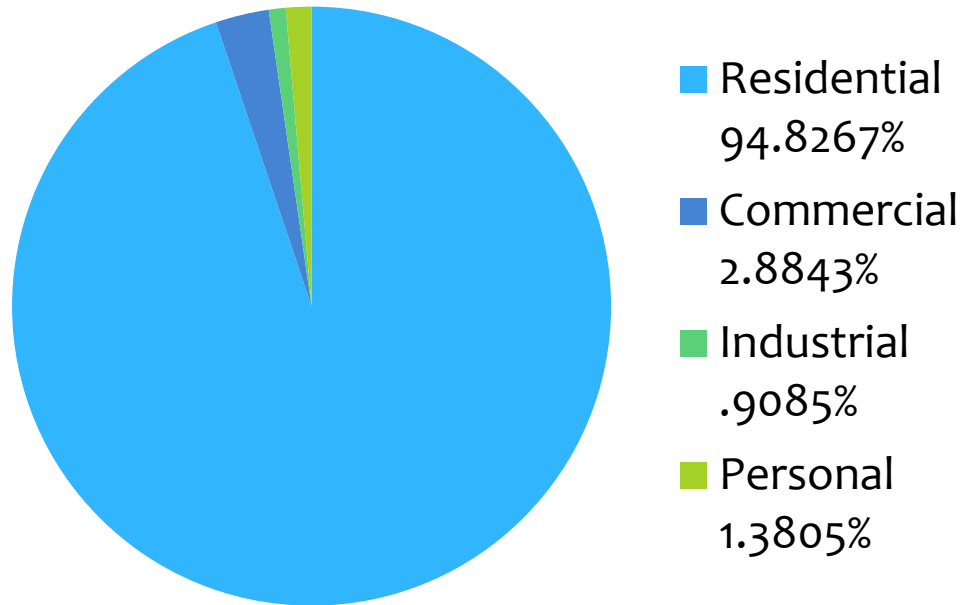
# Purpose

- \* 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.

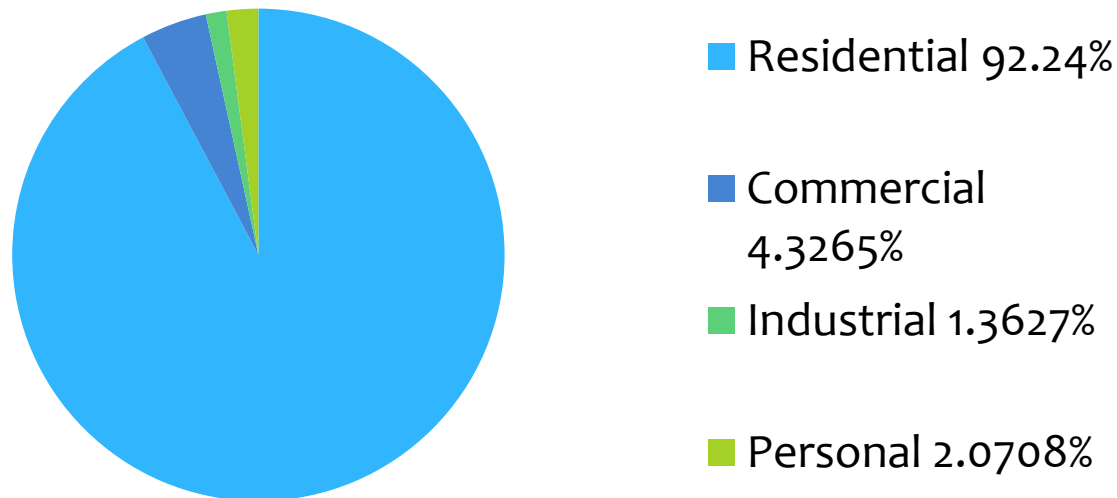
**% of Tax Levy**



# 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 .972722, the residential tax rate would be \$15.01 and the CIP tax rate would be \$23.15.

**% of Tax Levy**



# Surrounding Towns' FY22 Tax Rates:

Town	Res. Rate	CIP Rate	Residential %
Dover	12.42	12.42	96.7948
Norfolk	18.20	18.20	92.6635
Millis	18.88	18.88	91.8521
Sherborn	19.03	19.03	94.9034
Walpole	14.46	19.22	83.5706
Westwood	14.83	28.99	73.3598
Medfield	17.42	17.42	94.4702

# 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: \$2,766,734

With a 10% shift                      \$3,043,407

With a 25% shift                     \$3,458,418

With a 50% shift                     \$4,150,101

# Individual Scenario

For a \$839,800 residential & commercial property based on an estimated tax rate of \$15.43:

	Residential		Commercial
	\$839,800		\$839,800
Single rate	\$12,958		\$12,958
10% shift	\$12,883		\$14,254
Difference	(\$75)		+\$1,296
25% shift	\$12,782		\$16,198
Difference	(\$176)		+\$3,240
50% shift	\$12,605		\$19,437
Difference	(\$353)		+\$6,479



# Historical Commercial/ Industrial/ Personal Data:

<u>Year</u>	<u>CIP%</u>	<u>Tax Dollars</u>	<u>Tax Levy</u>	<u>\$Tax Rate</u>
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
2023	5.1733	\$2,766,734	\$53,481,479	\$15.43

# Residential Category Single Family Averages

<u>Year</u>	<u>SFA Value</u>	<u>Tax \$</u>
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
2023	839,800	\$12,958

# Vote

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