

Tax Classification Hearing Fiscal Year 2014

November 25, 2013

**Presented to
Board of Selectmen
Town of Wellesley**

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Notice of Hearing

The Board of Selectmen of the Town of Wellesley will hold a Public Hearing on Monday, November 25, 2013 at 7:45 P.M. in the Felix Juliani Meeting Room, Town Hall, on the issue of allocating the local property tax levy among the five property classes for the fiscal year ending June 30, 2014.

This Hearing, commonly known as the Tax Classification Hearing, will be held for the purpose of providing an open forum for the discussion of local property tax policy. The central issue to be discussed is whether all five classes of property - residential, open space, commercial, industrial, personal - shall be taxed at the same rate or at different rates.

Information and data concerning the fiscal effect will be available for public inspection on Friday, November 22, 2013 in the office of the Board of Assessors at Town Hall, 525 Washington Street, Wellesley, Massachusetts 02482 between the hours of hours of 8:00 a.m. and 5:00 p.m. Monday through Friday. Interested taxpayers are urged to review the material and attend the Hearing. Written and oral statements from interested taxpayers will be accepted and taken into consideration at the Hearing. Written statements will also be accepted prior to the Hearing.

BOARD OF SELECTMEN

Katherine L. Babson, Jr., Chair

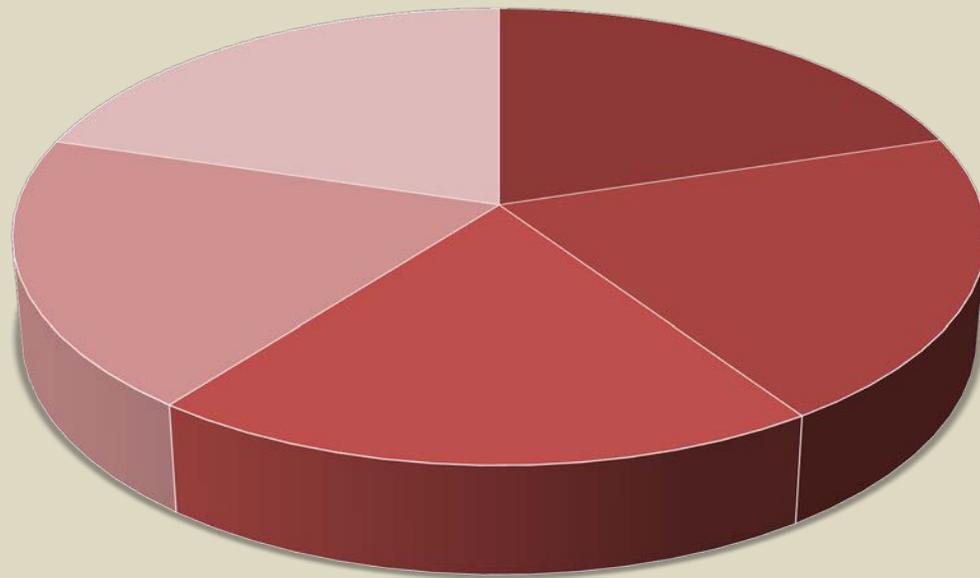
Barbara D. Searle, Vice Chair

Ellen F. Gibbs, Secretary

Terri Tsagaris

Donald S. McCauley

Fiscal Year 2014 Assessed Values & Historical Perspective



Assessment Profile

MEDIANS & MEANS	FY2010	2009 to 2010	FY2011	2010 to 2011	FY2012	2011 to 2012	FY2013	2012 to 2013	FY2014	2013 to 2014	2010 to 2014
SINGLE FAMILY (Class 101)											
Total Value	\$7,353,206,000	2%	\$7,189,824,000	-2%	\$7,523,162,000	5%	\$7,601,628,000	1%	\$7,872,685,000	4%	7%
Median Assessment	\$810,000	2%	\$786,000	-3%	\$835,000	6%	\$844,000	1%	\$896,000	6%	11%
Median Tax Bill	\$8,488	5%	\$8,984	6%	\$9,586	7%	\$9,875	3%	\$10,340	5%	22%
Mean Assessment	\$1,009,658	2%	\$987,071	-2%	\$1,033,134	5%	\$1,042,604	1%	\$1,080,522	4%	7%
Mean Tax Bill	\$10,581	5%	\$11,282	7%	\$11,860	5%	\$12,198	3%	\$12,469	2%	18%
COMMERCIAL (Class 300's)											
Total Value	\$910,217,000	6%	\$867,041,000	-5%	\$880,055,000	2%	\$947,077,000	8%	\$1,026,450,000	8%	13%
Median Assessment	\$1,811,000	-1%	\$1,811,000	0%	\$1,841,000	2%	\$2,052,000	11%	\$2,278,000	11%	26%
Median Tax Bill	\$18,979	2%	\$20,700	9%	\$21,135	2%	\$24,008	14%	\$26,288	9%	39%
Mean Assessment	\$4,376,043	10%	\$4,188,604	-4%	\$4,356,708	4%	\$4,688,500	8%	\$5,106,716	9%	17%
Mean Tax Bill	\$45,860	14%	\$47,876	4%	\$49,797	4%	\$54,855	10%	\$58,932	7%	29%
TAX RATE	\$10.48		\$11.43		\$11.48		\$11.70		\$11.54		

Assessment / Tax Rate History

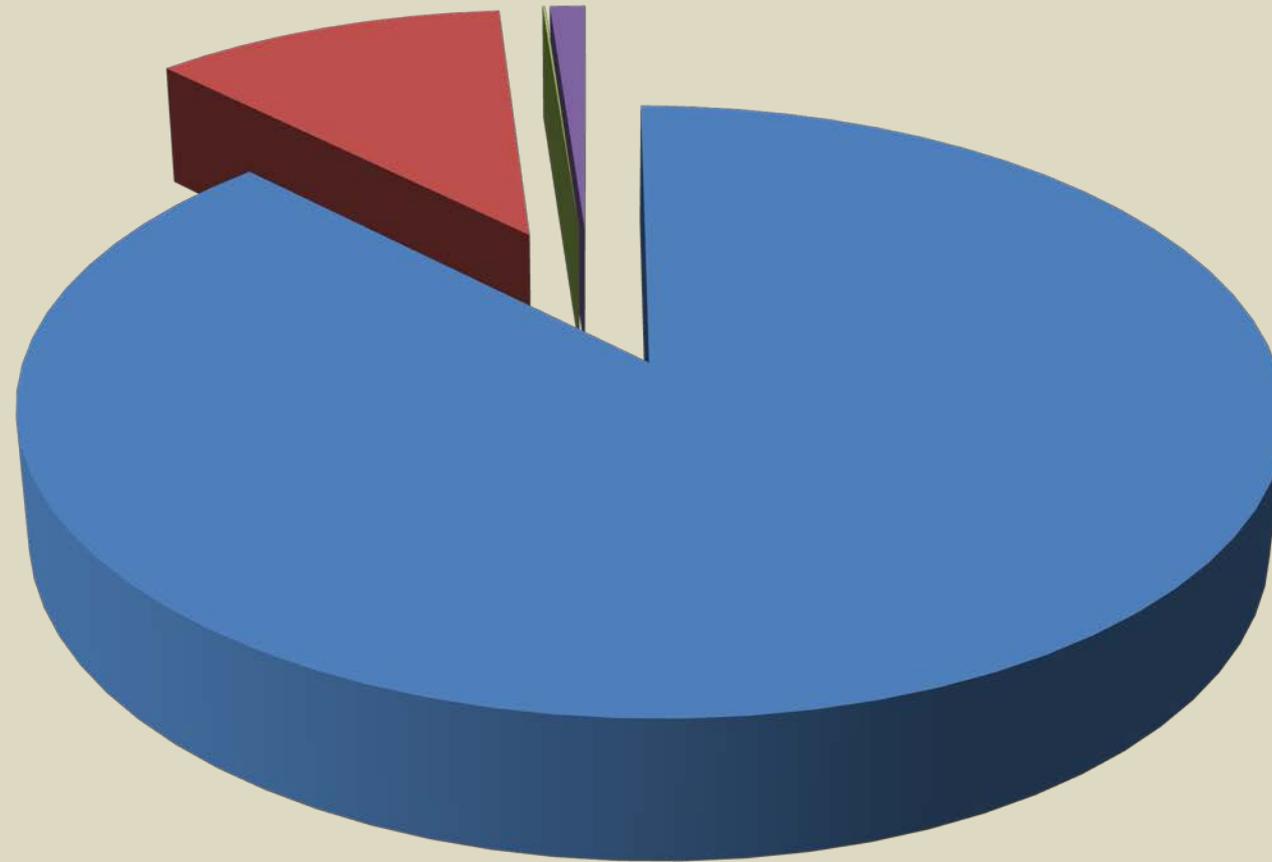
FY	ASSESSED VALUE (in 000's)			Tax Levy (in 000's)	LEVY %		NEW GROWTH TAX DOLLARS (in 000's)	TAX RATE	MEDIAN ASSESSED (in 000's)		MEDIAN TAXES*	
	RES	CIP	TOTAL		RES %	CIP %			Single Family	Comm.	Single Family	Comm.
10	7,936,624	1,045,307	8,981,931	94,163	88.36%	11.64%	1,416	10.48	810	1,811	8,489	18,979
11	7,753,180	1,008,444	8,761,624	100,176	88.49%	11.51%	1,416	11.43	786	1,811	8,984	20,700
12	8,125,029	1,024,613	9,149,642	105,047	88.80%	11.20%	1,523	11.48	835	1,841	9,586	21,135
13	8,234,182	1,121,425	9,355,607	109,461	88.01%	11.99%	1,882	11.70	844	2,052	9,875	24,008
14	8,550,806	1,204,329	9,755,135	112,581	87.65%	12.35%	1,575	11.54	896	2,278	10,340	26,288

* Calculated based on a single tax rate

RES - residential property class, including condominiums and apartment buildings

CIP - commercial, industrial and personal property classes

Total Values by Property Type



Residential	Commercial	Industrial	Personal Property
\$8,550,806,000	\$1,087,234,000	\$7,814,000	\$109,281,300

Fiscal Year 2014

Total Values By Property Type

in 000's of assessed value

PROPERTY TYPE	PARCEL COUNT	RESIDENTIAL VALUE	COMMERCIAL VALUE	INDUSTRIAL VALUE	PERSONAL PROPERTY VALUE
Single Family	7,286	\$7,872,685			
Condominiums	442	\$241,608			
Multiple Houses On Lot	30	\$44,692			
Two Family	110	\$85,995			
Three Family	22	\$18,116			
Apartments (4+ units)	33	\$129,496			
Vacant Land	258	\$108,844			
Commercial	204		\$1,026,450		
Chapter Lands	16		\$10,890		
Mixed Use-Res & Comm	17	\$49,370	\$49,894		
Industrial	3			\$7,814	
PP-individuals/partnership	400				\$29,923
PP-corporations	394				\$31,076
PP-utilities	23				\$48,282
Class Totals	9,238	\$8,550,806	\$1,087,234	\$7,814	\$109,281
Total Value All Taxable Properties:			\$9,755,135		

PP - personal property

Personal Exemptions

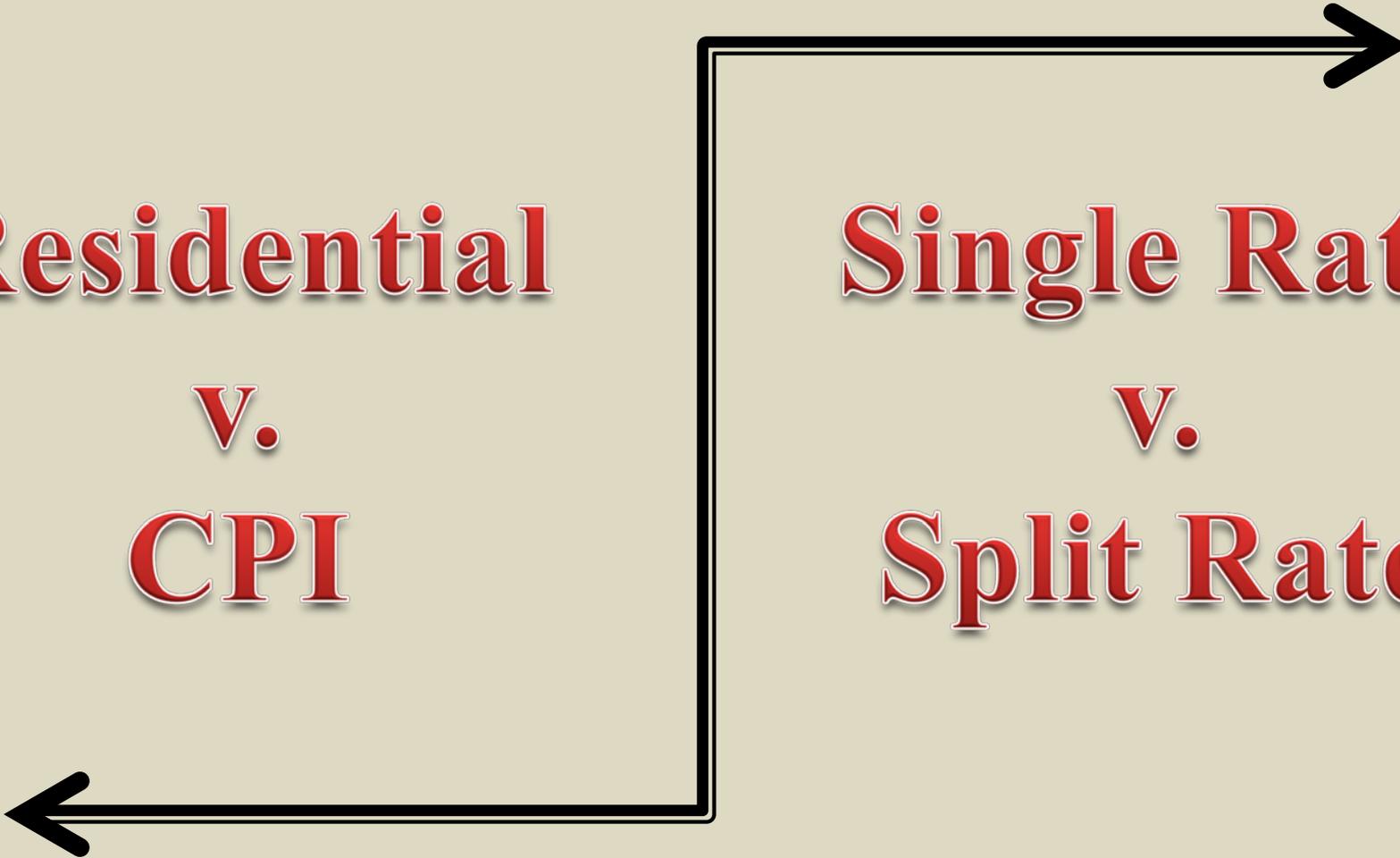
Fiscal Year	Disabled Veteran Exemption	Blind Exemption	Senior Exemption	Senior Tax Deferral	Senior Work-Off	Low Income CPA Exemption
2009	102	20	49	49	24	78
2010	96	19	39	45	26	69
2011	84	19	41	42	20	69
2012	81	19	38	40	16	79
2013	70	20	36	38	16	73



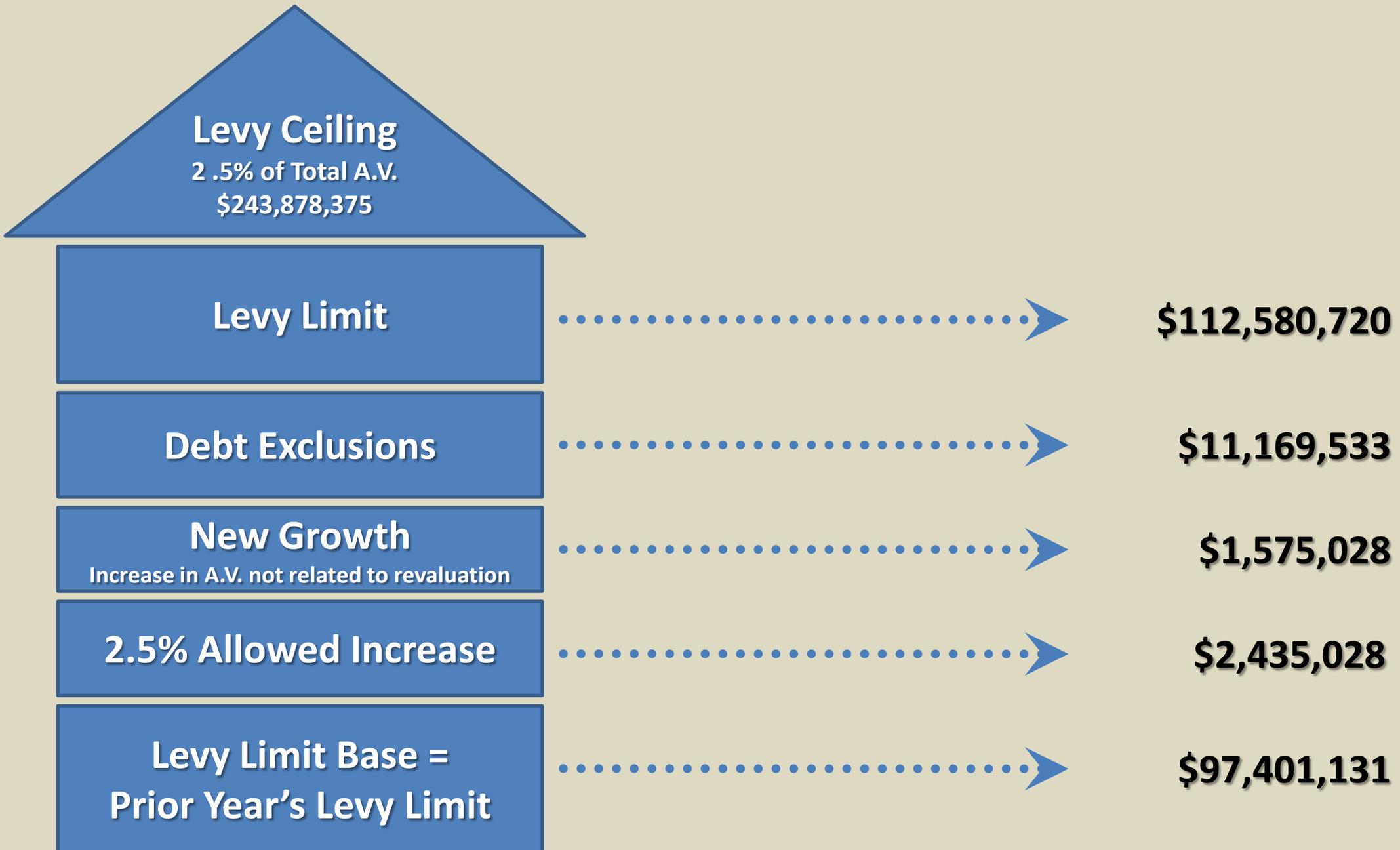
Tax Classification Options

Residential
v.
CPI

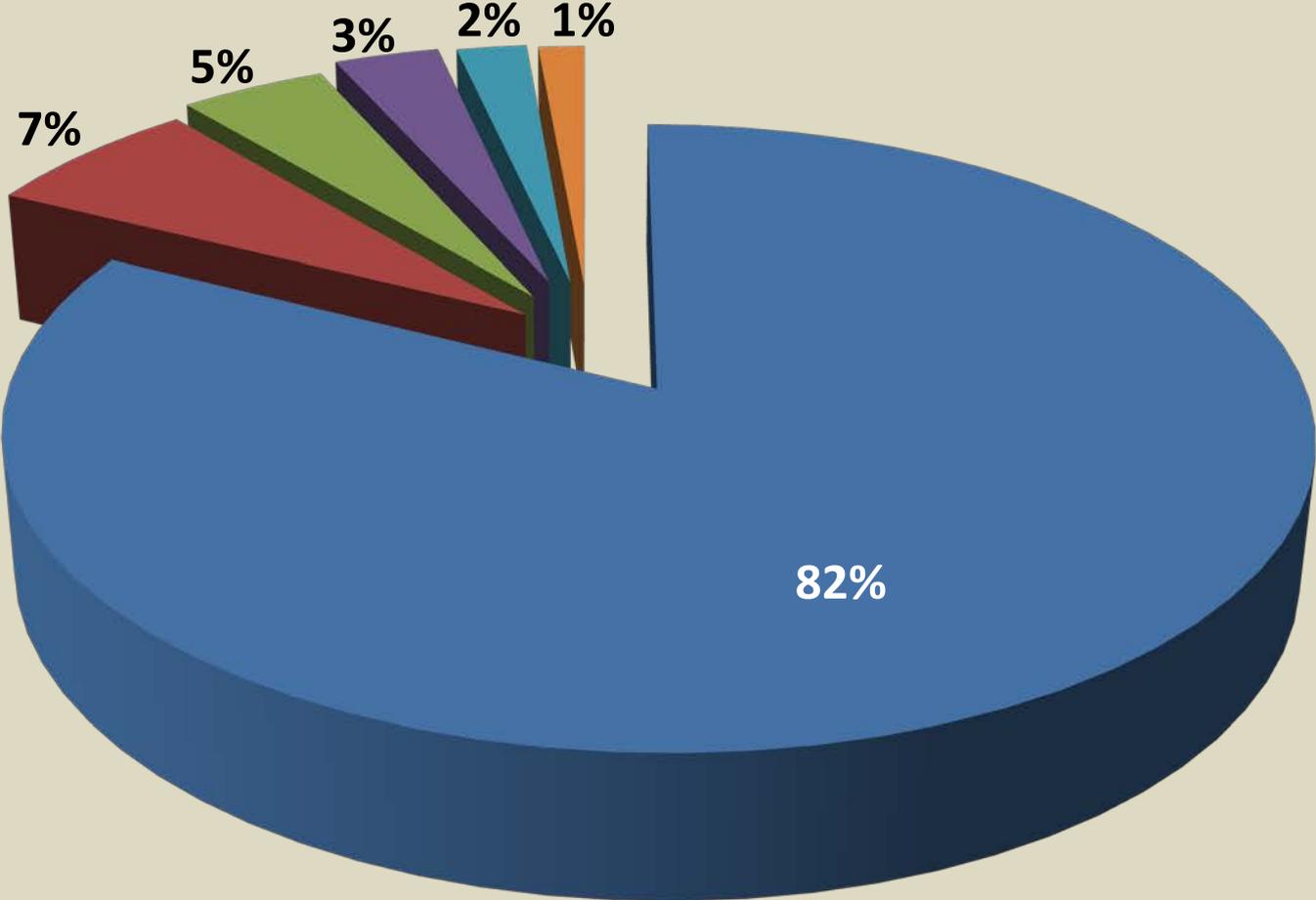
Single Rate
v.
Split Rate



Levy Limit/Levy Ceiling



Budget Sources of Funds



Property Taxes	State Aid	Local Revenue	MV Excise Tax	Free Cash	Other Sources
\$112,573,427	\$8,968,632	\$5,962,100	\$4,300,000	\$2,866,108	\$1,891,428

Fiscal Year 2014 Tax Rate Calculation

Assuming a Single Tax Rate

Tax Levy Limit Base Prior Year (FY2013)	\$97,401,131	\$9.99
Additions To FY2013 Levy Limit:		
2.5 % Levy Growth	\$2,435,028	\$0.25
New Growth in Tax Dollars	\$1,575,028	\$0.16
Override	\$0	\$0.00
FY2014 Levy Limit (Before Debt Exclusions)	\$101,411,187	\$10.40
Amounts Outside Levy Limit (Debt Exclusion):		
Capital Expenditure-OPEB	\$1,800,000	\$0.18
Sprague School	\$327,319	\$0.03
Middle School	\$2,617,442	\$0.27
High School	\$6,050,923	\$0.62
Morses Pond, Stormwater, DPW bldg	\$373,849	\$0.04
Total Debt Exclusions	\$11,169,533	\$1.14
Tax Levy Limit Plus Debt Exclusion	\$112,580,720	\$11.54
FY2014 Tax Levy	<u>\$112,580,720</u>	=
FY2014 Total Assessed Value	\$9,755,135,000	Tax Rate \$11.54 / \$1,000

Reconciliation of FY2013 to FY2014 Tax Rate

Assuming a Single Tax Rate

<u>Summary of Changes in Tax Rate from FY2013 to FY2014</u>				
<u>FY2013 Tax Rate</u>			<u>\$11.70</u>	
	Impact of Changes In Assessed Values		(\$0.42)	
	FY2014 Additions to FY2013 Levy Limit		\$0.41	
	Changes Outside Levy Limit (Debt Exclusions)		(\$0.15)	
<u>FY2014 Tax Rate</u>			<u>\$11.54</u>	
		Total Assessed Values	Fiscal Year Tax Levy	Impact on Tax Rate
FY2013 Tax Levy & Tax Rate			\$109,524,091	\$11.70
Less: FY2013 Amounts Outside Levy Limit			(\$12,122,960)	(\$1.29)
FY2013 Levy Limit Base @ FY2013 A.V.s.		\$9,355,607,000	\$97,401,131	\$10.41
Increase in Assessed Values:		\$399,528,000		(\$0.42)
FY2013 Levy Limit Base @ FY2014 A.V.s		\$9,755,135,000	\$97,401,131	\$9.99
FY2014 Additions to FY2013 Levy Limit (2.5%+ New Growth)			\$4,010,056	\$0.41
FY2014 Levy Limit (Before Debt Exclusions)			\$101,411,187	\$10.40
Add: FY2014 Amounts Outside Levy Limit			\$11,169,533	\$1.14
Total FY2014 Tax Levy @ FY2014 A.V.s		\$9,755,135,000	\$112,580,720	\$11.54

Summary Of Tax Rate Options

Chart shows impact of split tax rate on two major classes of properties

Tax Factor		Percentage of Tax Levy		Tax Rate		Median Taxes	
Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential
1.000	1.000	12.35%	87.65%	\$11.54	\$11.54	\$26,288	\$10,340
1.100	0.986	13.58%	86.42%	\$12.69	\$11.38	\$28,907	\$10,196
1.200	0.972	14.82%	85.18%	\$13.85	\$11.22	\$31,550	\$10,053
1.300	0.958	16.05%	83.95%	\$15.00	\$11.05	\$34,170	\$9,901
1.400	0.944	17.29%	82.71%	\$16.16	\$10.89	\$36,812	\$9,757
1.500	0.930	18.52%	81.48%	\$17.31	\$10.73	\$39,432	\$9,614

MAXIMUM SHIFT OF 50% LOWERS THE MEDIAN SINGLE FAMILY TAX BILL:

(\$726)

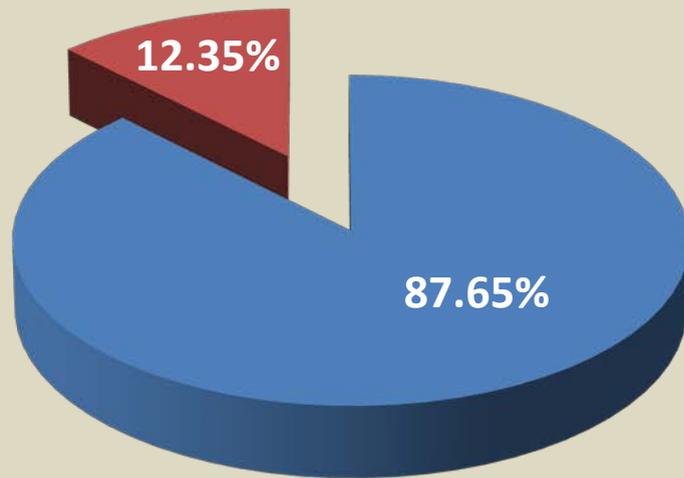
MAXIMUM SHIFT OF 50% INCREASES THE MEDIAN COMMERCIAL TAX BILL:

\$13,144

**Based on a median single family assessed value of \$896,000 and a median commercial assessed value of \$2,278,000*

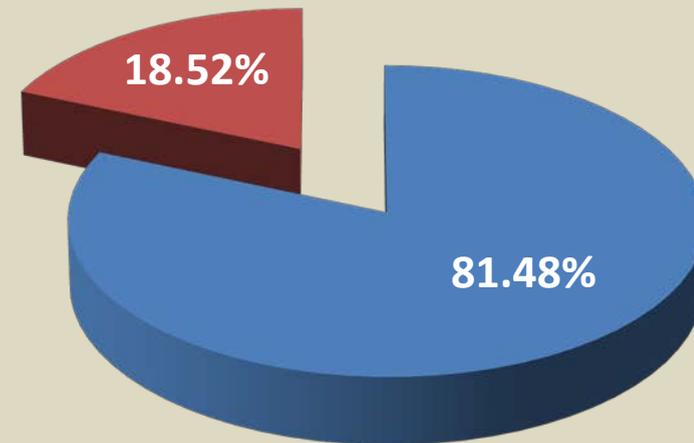
Fiscal Year 2014 Relative Share of Tax Levy

**Share of Tax Levy
With Single Tax Rate**



■ Residential ■ CIP

**Share of Tax Levy With
Split Tax Rate at
Maximum Allowed**



■ Residential ■ CIP

Comparison with Selected Towns



FY2013 Tax Comparison

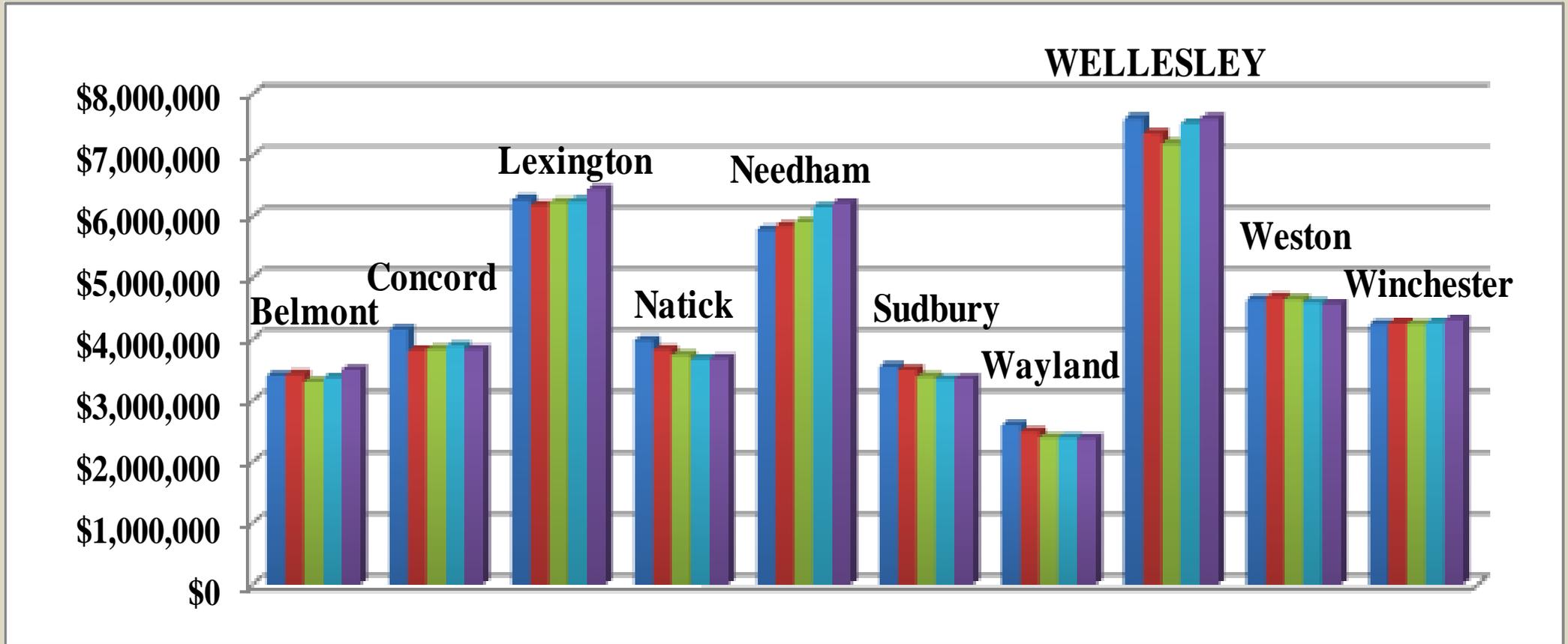
Town	Mean Single Family Value	Res. Tax Rate	Mean Single Family Tax Bill	Mean Comm. Value	Comm. Tax Rate	Mean Comm. Tax Bill	CIP % of Value	Adopted CIP Factor	If Single Rate
Belmont	\$777,100	\$13.33	\$10,359	\$1,270,352	\$13.33	\$16,934	5.67	1.00	\$13.33
Concord	\$838,804	\$14.07	\$11,802	\$1,158,274	\$14.07	\$16,297	9.32	1.00	\$14.07
Lexington	\$717,526	<u>\$15.20</u>	\$10,906	\$1,565,822	<u>\$28.97</u>	\$45,362	13.38	<u>1.70</u>	\$17.04
Natick	\$433,477	\$14.34	\$6,216	\$2,273,380	\$14.34	\$32,600	23.28	1.00	\$14.34
Needham	\$744,764	<u>\$11.30</u>	\$8,416	\$1,840,492	<u>\$22.18</u>	\$40,822	12.64	<u>1.75</u>	\$12.67
Sudbury	\$622,862	<u>\$17.99</u>	\$11,205	\$786,070	<u>\$23.52</u>	\$18,488	7.07	<u>1.28</u>	\$18.42
Wayland	\$588,530	\$17.89	\$10,529	\$1,063,713	\$17.89	\$19,030	5.25	1.00	\$17.89
WELLESLEY	\$1,042,604	\$11.70	\$12,198	\$4,979,777	\$11.70	\$58,263	11.99	1.00	\$11.70
Weston	\$1,364,557	\$12.40	\$16,921	\$4,191,154	\$12.40	\$51,970	4.90	1.00	\$12.40
*Winchester	\$770,456	\$12.77	\$9,839	\$1,020,775	\$12.01	\$12,260	5.35	1.00	\$11.35

CIP = commercial, industrial, and personal property

*Winchester has a lower commercial tax rate because they adjust for the higher commercial water fee in their tax rate.

Total Single Family Values

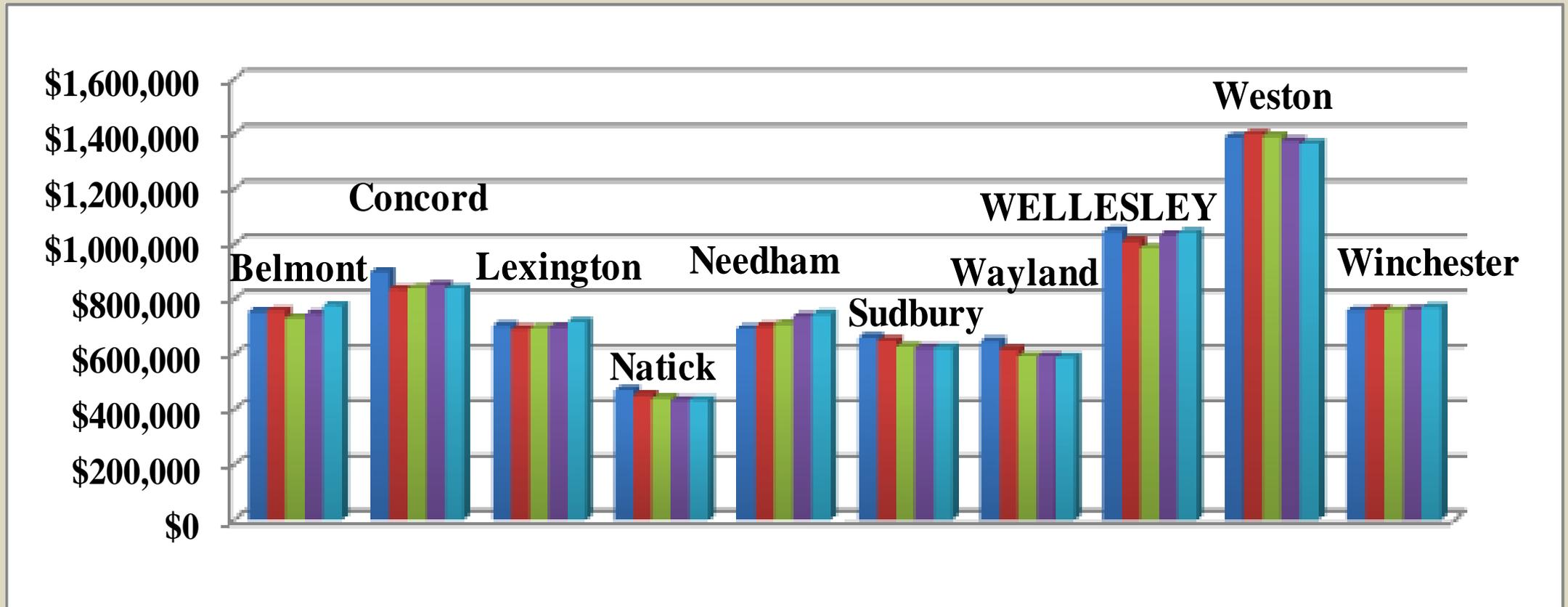
Total Single Family Values in 000's



	<u>Belmont</u>	<u>Concord</u>	<u>Lexington</u>	<u>Natick</u>	<u>Needham</u>	<u>Sudbury</u>	<u>Wayland</u>	<u>WELLESLEY</u>	<u>Weston</u>	<u>Winchester</u>
FY09	\$3,401,345	\$4,159,180	\$6,274,760	\$3,980,497	\$5,784,137	\$3,552,718	\$2,607,060	\$7,601,189	\$4,640,493	\$4,238,814
FY10	\$3,422,695	\$3,817,461	\$6,184,505	\$3,828,720	\$5,839,958	\$3,505,588	\$2,489,122	\$7,353,206	\$4,680,696	\$4,263,001
FY11	\$3,302,706	\$3,836,829	\$6,234,563	\$3,735,204	\$5,910,589	\$3,386,110	\$2,390,269	\$7,189,824	\$4,648,963	\$4,241,691
FY12	\$3,371,240	\$3,889,030	\$6,251,243	\$3,665,889	\$6,158,330	\$3,346,911	\$2,394,144	\$7,523,162	\$4,597,141	\$4,267,720
FY13	\$3,509,384	\$3,831,655	\$6,441,950	\$3,676,320	\$6,221,014	\$3,357,225	\$2,377,661	\$7,601,628	\$4,571,266	\$4,321,485

Mean Single Family Values

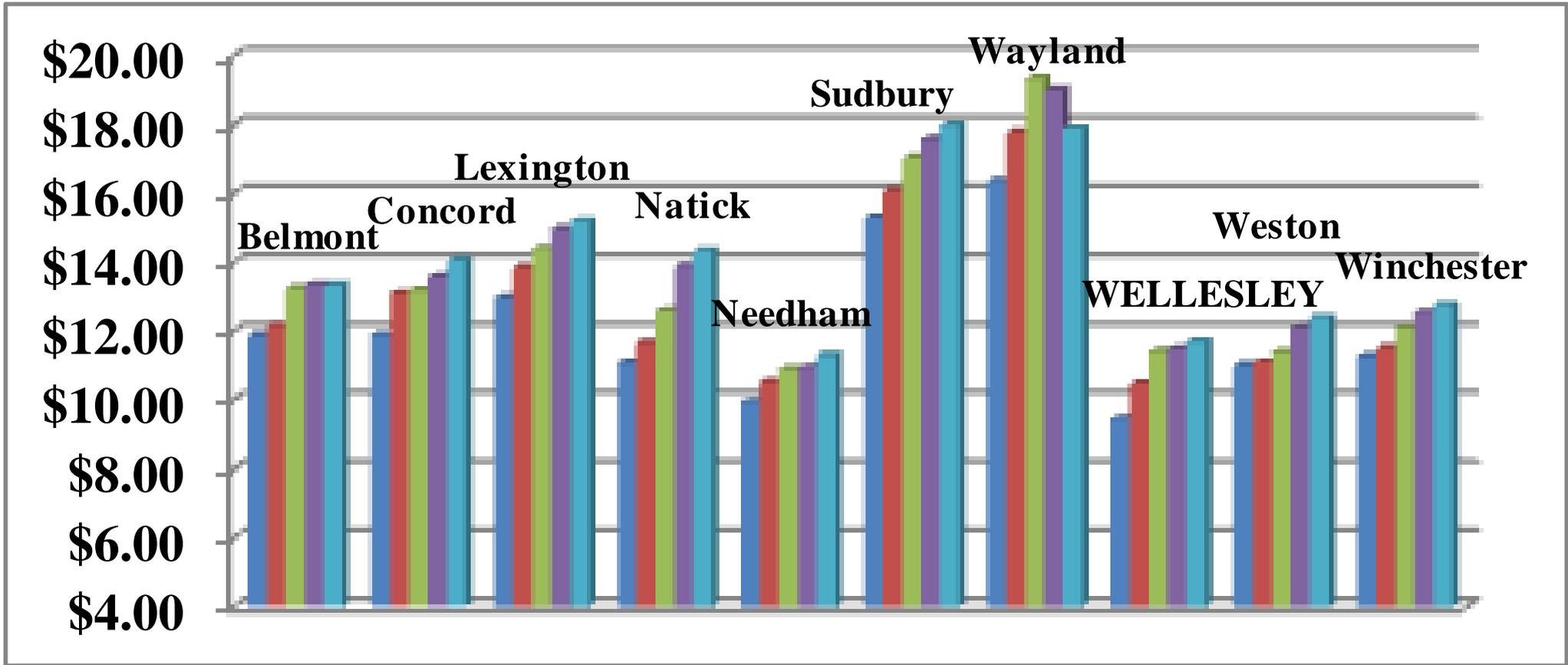
Mean Single Family Values



	<u>Belmont</u>	<u>Concord</u>	<u>Lexington</u>	<u>Natick</u>	<u>Needham</u>	<u>Sudbury</u>	<u>Wayland</u>	<u>WELLESLEY</u>	<u>Weston</u>	<u>Winchester</u>
FY09	\$752,843	\$899,866	\$702,346	\$471,009	\$693,458	\$662,080	\$647,717	\$1,046,014	\$1,387,707	\$757,878
FY10	\$757,904	\$835,697	\$691,470	\$452,621	\$700,739	\$650,508	\$617,648	\$1,009,658	\$1,400,149	\$762,067
FY11	\$730,849	\$839,569	\$696,677	\$441,357	\$708,194	\$627,988	\$592,825	\$987,071	\$1,390,240	\$757,580
FY12	\$746,345	\$851,550	\$697,450	\$432,400	\$737,436	\$621,410	\$593,050	\$1,033,134	\$1,374,332	\$761,549
FY13	\$777,100	\$838,804	\$717,526	\$433,477	\$744,764	\$622,862	\$588,530	\$1,042,604	\$1,364,557	\$770,456

Residential Tax Rate History

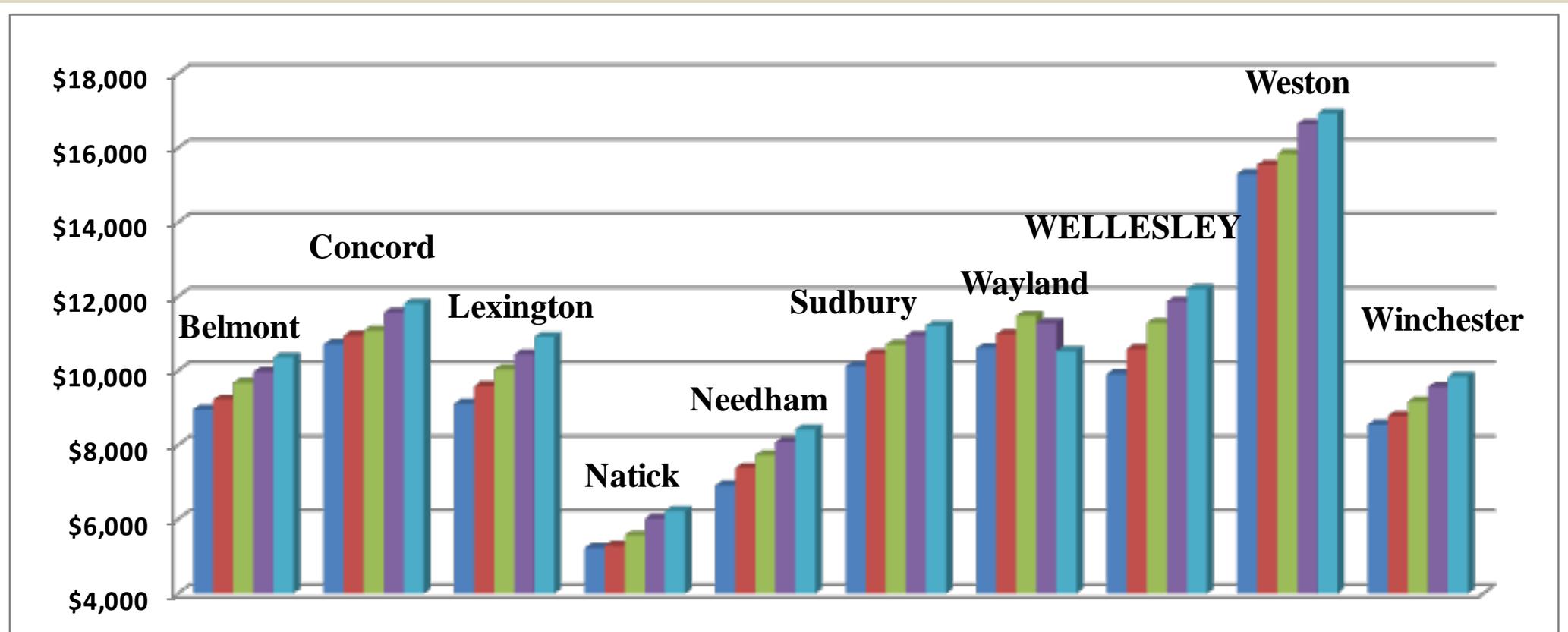
Residential Tax Rate



	<u>Belmont</u>	<u>Concord</u>	<u>Lexington</u>	<u>Natick</u>	<u>Needham</u>	<u>Sudbury</u>	<u>Wayland</u>	<u>WELLESLEY</u>	<u>Weston</u>	<u>Winchester</u>
FY09	\$11.89	\$11.90	\$12.97	\$11.09	\$9.96	\$15.29	\$16.37	\$9.47	\$11.02	\$11.27
FY10	\$12.16	\$13.09	\$13.86	\$11.67	\$10.53	\$16.08	\$17.78	\$10.48	\$11.10	\$11.51
FY11	\$13.24	\$13.19	\$14.40	\$12.60	\$10.90	\$17.03	\$19.35	\$11.43	\$11.39	\$12.10
FY12	\$13.35	\$13.58	\$14.97	\$13.91	\$10.95	\$17.60	\$19.01	\$11.48	\$12.11	\$12.55
FY13	\$13.33	\$14.07	\$15.20	\$14.34	\$11.30	\$17.99	\$17.89	\$11.70	\$12.40	\$12.77

Mean Single Family Tax Bill History

Mean Single Family Tax Bill



	<u>Belmont</u>	<u>Concord</u>	<u>Lexington</u>	<u>Natick</u>	<u>Needham</u>	<u>Sudbury</u>	<u>Wayland</u>	<u>WELLESLEY</u>	<u>Weston</u>	<u>Winchester</u>
FY09	\$8,951	\$10,708	\$9,109	\$5,223	\$6,907	\$10,123	\$10,603	\$9,906	\$15,293	\$8,541
FY10	\$9,216	\$10,939	\$9,584	\$5,282	\$7,379	\$10,460	\$10,982	\$10,581	\$15,542	\$8,771
FY11	\$9,676	\$11,074	\$10,032	\$5,561	\$7,719	\$10,695	\$11,471	\$11,282	\$15,835	\$9,167
FY12	\$9,964	\$11,564	\$10,441	\$6,015	\$8,075	\$10,937	\$11,274	\$11,860	\$16,643	\$9,557
FY13	\$10,359	\$11,802	\$10,906	\$6,216	\$8,416	\$11,205	\$10,529	\$12,198	\$16,921	\$9,839