

Southborough Real Estate Tax Rates

**Saving the Average
Homeowner \$1,000 per Year**

Southborough

2012 Demographics

Southborough Assessed Property Values

All Property	\$ 2,058,537,537
Residential	\$ 1,660,192,647
Commercial	\$ 218,948,090
Industrial	\$ 108,793,900
Personal	\$ 70,602,900
Com./Ind.	\$ 398,344,890
Percent (CIP)	19.4 %

Southborough Single-Family Home Data

Average Single-Family	\$ 516,361
Single-Family Homes	2,797
Average Tax Bill	\$ 8,334
Tax Rate	\$ 16.15

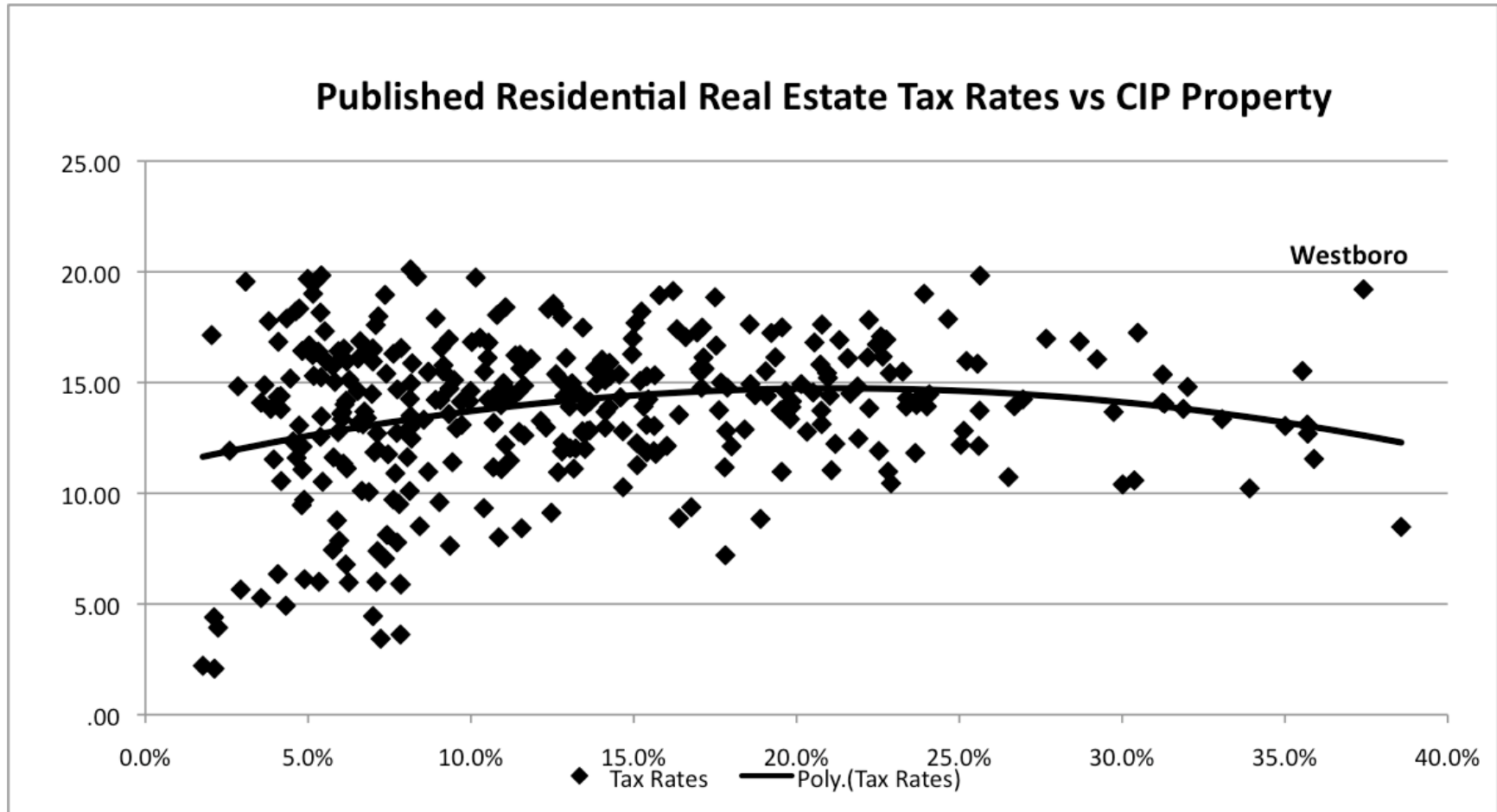
Massachusetts Communities Relevant Demographics - 2012

- **In Massachusetts forty nine communities (49) had average assessed home values above \$500,000**
- **36 (75%) of the 49 communities had less than 10% of their assessed tax base as commercial and industrial property (CIP)**
- **Only six (6) of the 49 communities had average home values above \$500,000 and a CIP percentage > 15 %**
- **One hundred nine (109) communities with split tax rates**
- **One hundred thirty two (132) had a CIP greater than 15 %**
- **Two thirds with a CIP > 15% (83/132) had split tax rates**

Accepted Commercial and Industrial Property Model for Reducing the Tax Rate

- 1. The addition of new industrial and commercial property within a community reduces real estate tax rates**
- 2. Industrial and commercial property increases the assessed tax base without adding significant revenue requirements.**
- 3. Communities with higher levels of commercial and industrial property have lower residential tax rates.**

Mass DOR Data



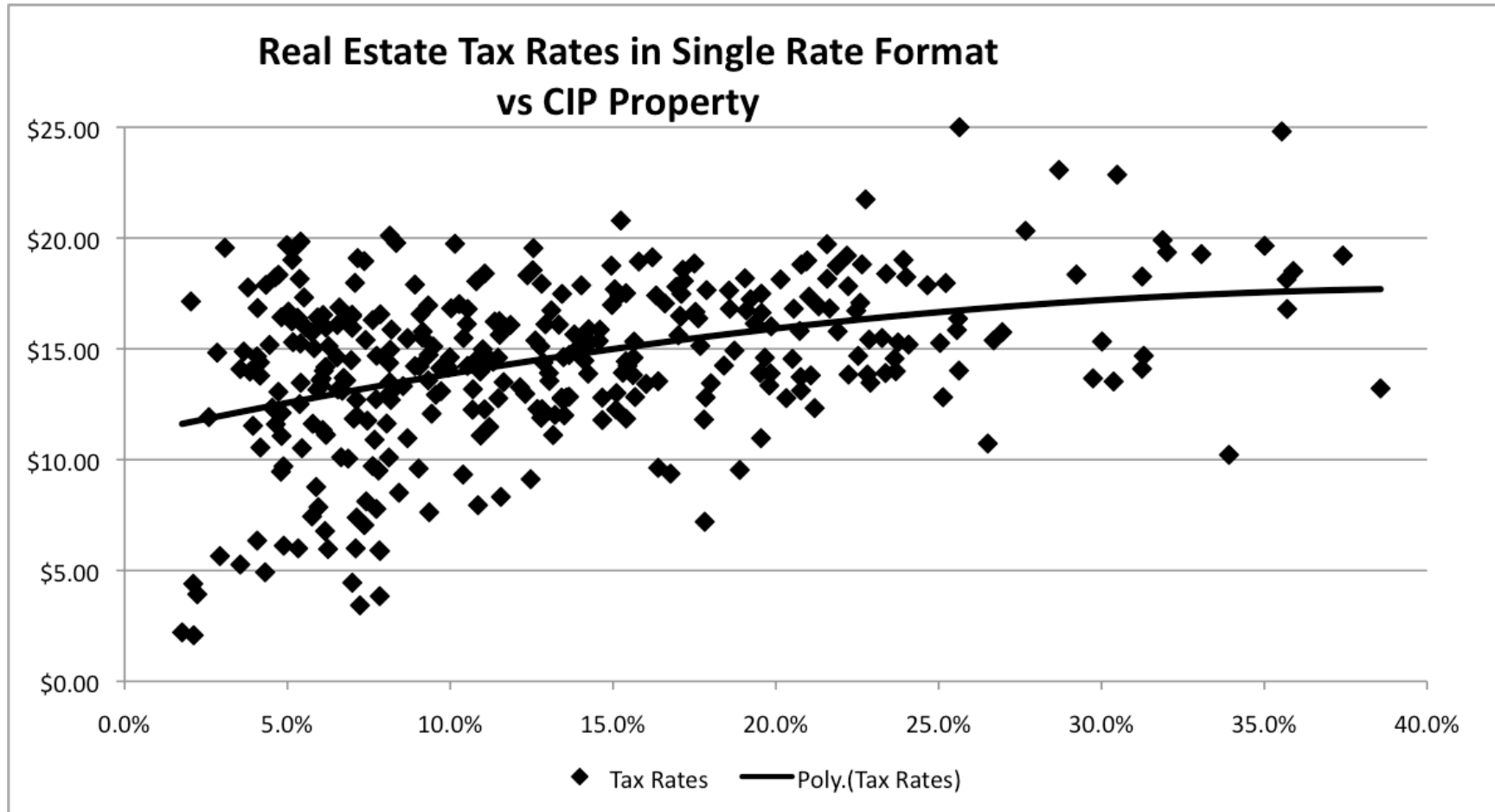
Single Rate and Split Rate Communities

Adjusted Comparison

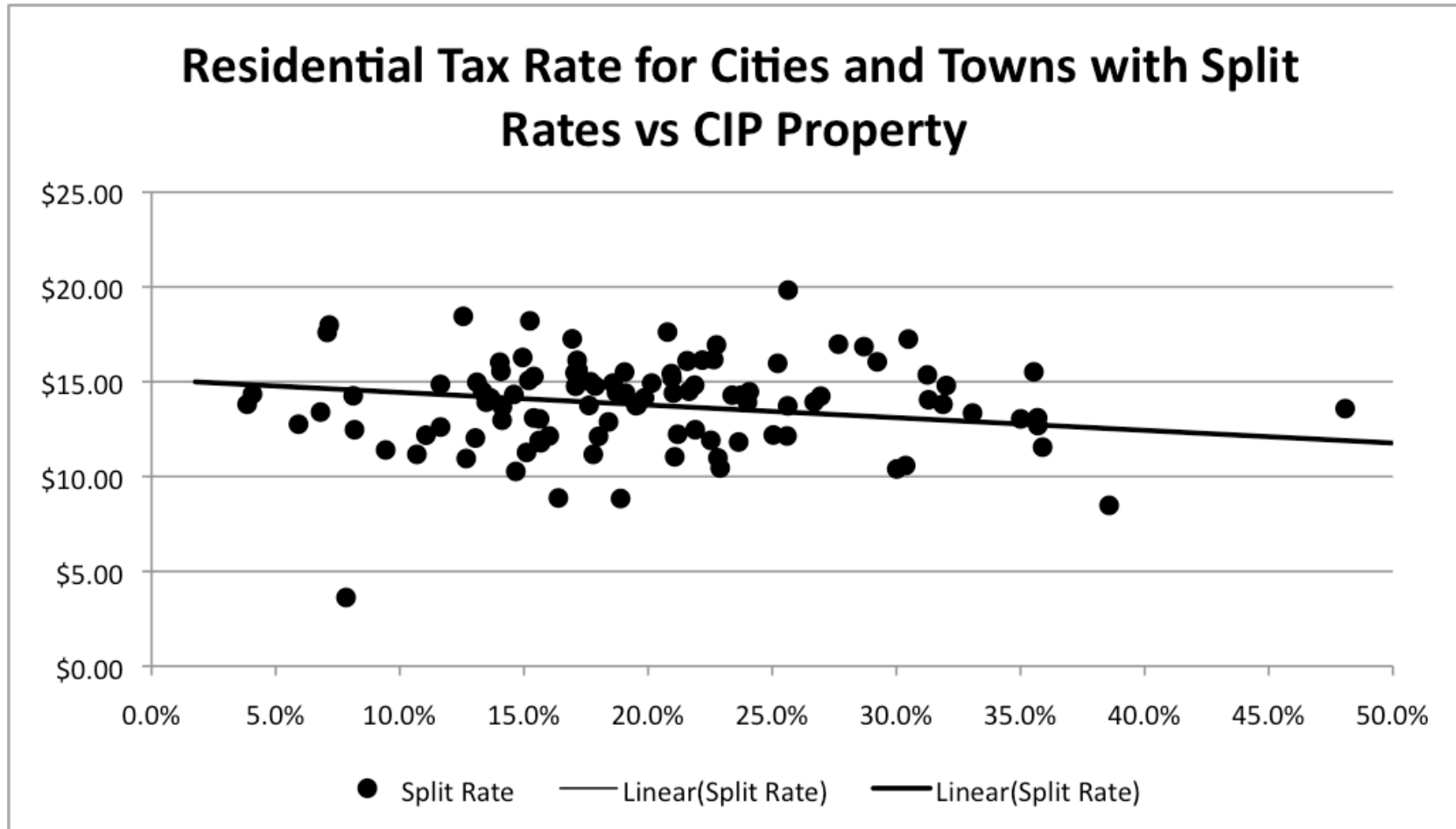
What if Massachusetts communities could not implement split tax rates ?

What would the plot of residential tax rates look like ?

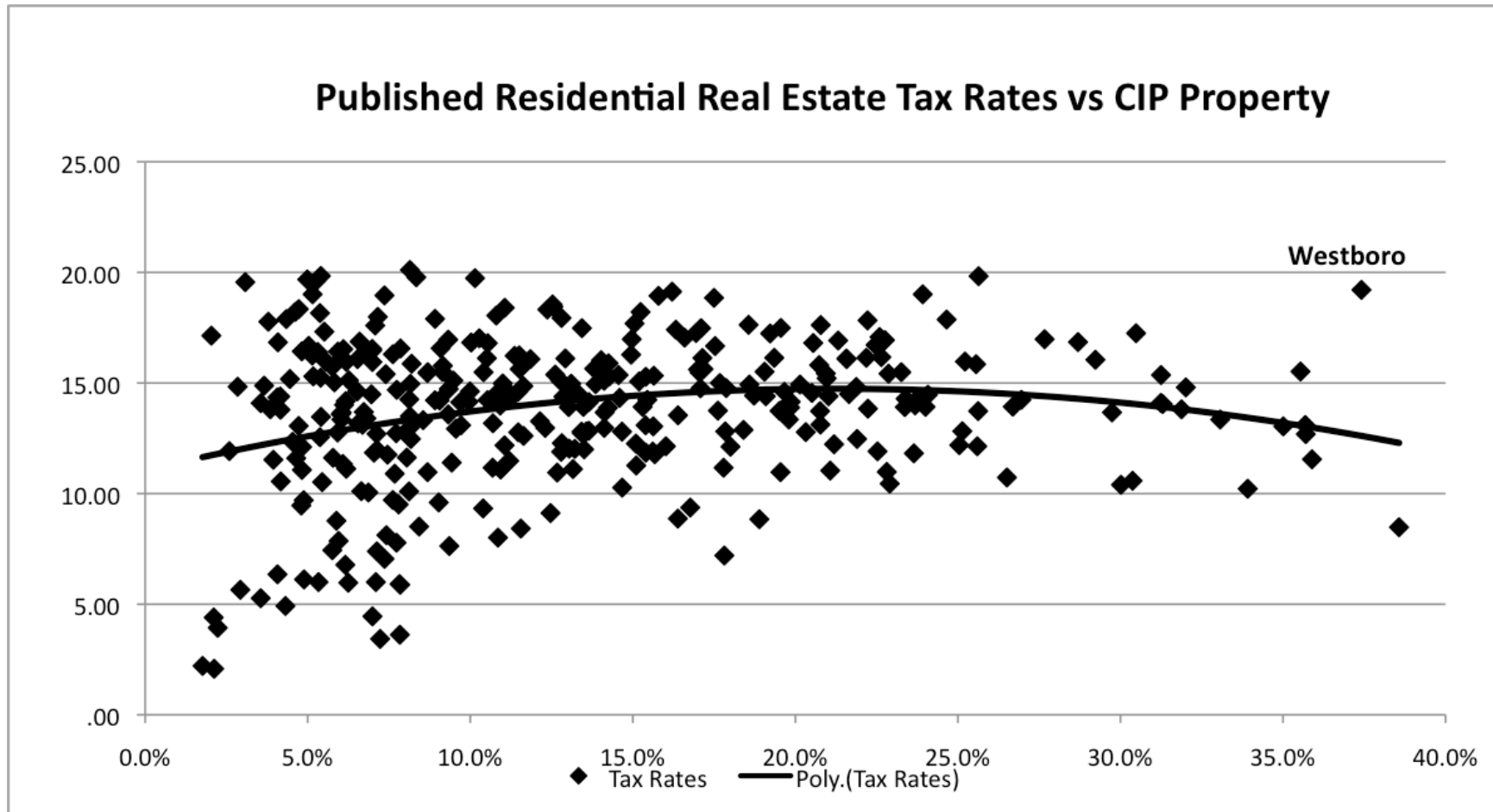
Tax Rates Increase with CIP %



Residential Tax Rate Split Rate Communities



Mass DOR Data



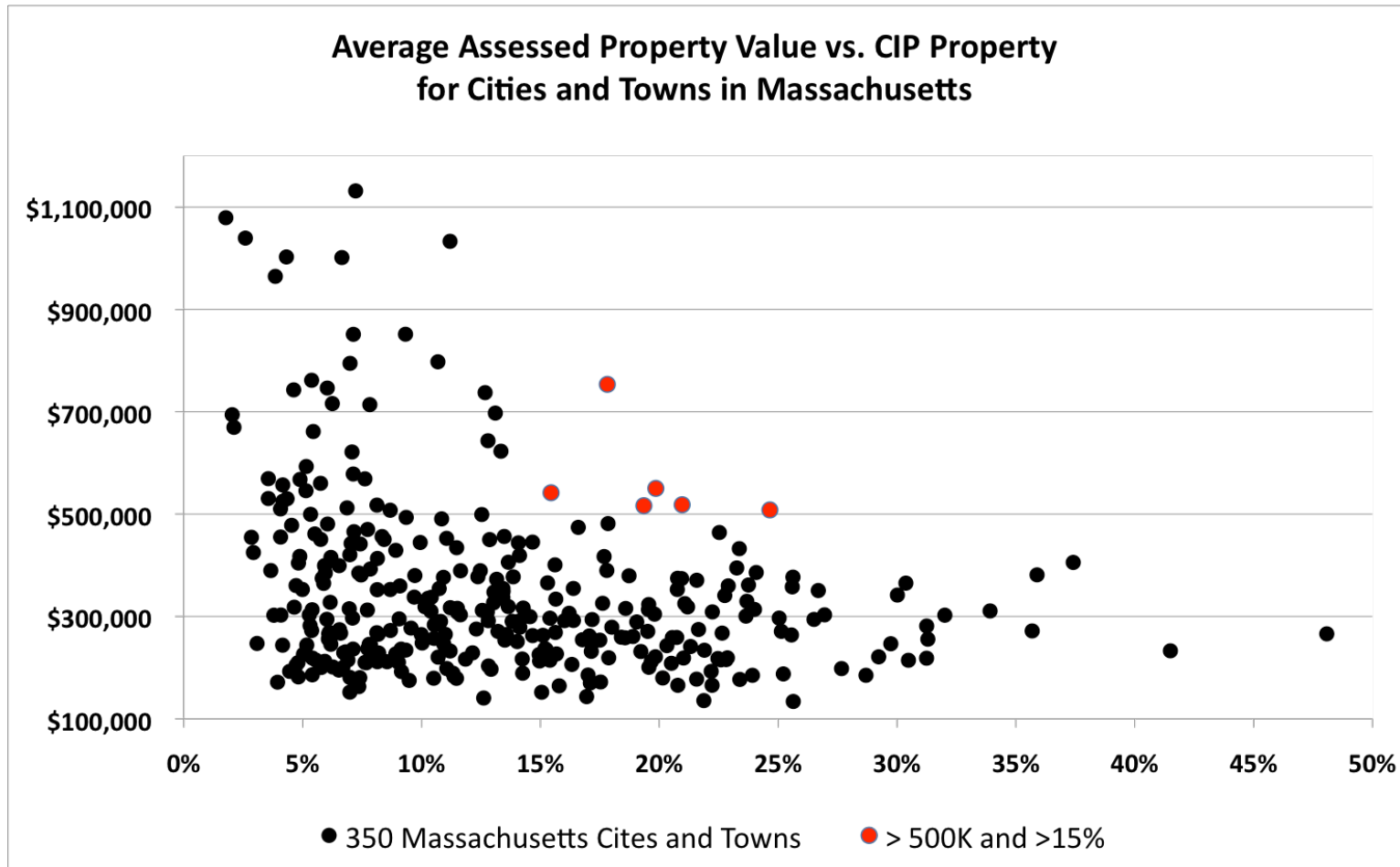
Without implementation of a split tax rate the benefits of increased CIP development are lost to Massachusetts communities.

Analysis

What is a primary contributor to increasing tax rate pressure on Massachusetts communities with higher CIP development?

A reduction in the residential tax base as average home values decrease.

Impact on Home Value



Communities in Red : > \$500K and > 15% CIP

Six (6) Comparable Towns

Average Home > \$500,000

CIP > 15%

City/Town	% CIP	Ave. Home Value	Res. Tax Rate	CIP Tax Rate	Single Tax Rate	Ave. Residential Tax Bill
Norwell	15.4	541,723	14.24	-	14.24	7,714
Provincetown	17.8	753,524	7.20	-	7.20	5,425
Southborough	19.4	516,361	16.15	-	16.15	8,334
Andover	19.9	550,219	14.15	23.54	16.01	7,786
Bedford	21.0	518,274	15.21	33.21	18.98	7,883
Boxborough	24.7	508,136	17.89	-	17.89	9,080

Southborough Split Rate Implementation Models

	Andover Model	Bedford Model
Single Tax Rate	16.15	16.15
Split Tax Rate	Ratio 1.66	Ratio 2.18
Residential	14.30	13.14
CIP	23.75	28.64
Annual Savings	\$ 950	\$ 1,549

- **Two Thirds (2/3) of the municipalities with a CIP greater than 15% have implemented split rate tax policies**
- **In 2012, 109 municipalities in Massachusetts had split tax policies.**

Conclusion

- Implementation of a split rate tax structure brings Southborough in-line with similar communities in Massachusetts with a CIP > 15%
- Implementation will reduce the tax burden on residential property and help protect residential property assessments'
- Implementation should start this year.

The End

Thank You

I hope you found this interesting.