



Town of Milton

Fiscal Year 2023 Tax Classification Hearing

December 6, 2022

Prepared for the Select Board

Arthur J. Doyle, Chair

Michael F. Zullas, Vice-Chair

Richard G. Wells Jr., Secretary

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Prepared by the Board of Assessors

Brian M. Cronin, Chair

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C. Robert Reetz

Charles T. O'Shea, Chief Appraiser



BOARD OF ASSESSORS

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Charles O'Shea

Chief Appraiser

To: Select Board

December 6, 2022

From: Board of Assessors

Re: Tax Classification Hearing

Chapter 40 Section 56 of the Massachusetts General Laws requires the Select Board to make policy decisions regarding the property tax burden to be borne by each class of property: Residential, Open Space, Commercial, Industrial and Personal.

The changes to this year's assessed values are based on property sales occurring in calendar year 2021 as well as newly built houses and renovations to existing properties, known as new tax growth. Valuation from new growth was just over \$88M, increasing the tax base by \$1,246,239.

Residential property values continued to record highs. Continued demand resulted in the average assessed value of a single-family home increasing 13.5%, from \$824,451 to \$935,875.

Commercial and Industrial properties saw an increase with Commercial going up 7.4% and Industrial increasing 9.2%.

The estimated fiscal year 2023 maximum allowable tax levy of \$94,769,379 represents a 3.7% increase from the prior year.

With the recommended tax shift, the average single family tax bill will increase an estimated \$388, or 3.8% and the residential tax rate will be reduced just over 9% from \$12.47 to \$11.40.

Enclosed please find information and recommendations that will serve as a guideline for making these decisions.

Respectfully submitted,

Milton Board of Assessors

Options for Fiscal Year 2023 Tax Classification

Recommending Option 2

| | OPTION 1 | OPTION 2 | OPTION 3 | OPTION 4 |
|------------------------------|----------|----------|----------|-----------------|
| Shift | 1.75 | 1.56 | 1.46 | Single Tax Rate |
| Residential Tax Rate | \$11.31 | \$11.40 | \$11.45 | \$11.68 |
| Commercial Tax Rate | \$20.44 | \$18.22 | \$17.05 | \$11.68 |
| Avg Single Family Tax | \$10,585 | \$10,669 | \$10,716 | \$10,931 |
| Avg Commercial Tax | \$21,583 | \$19,239 | \$18,004 | \$12,333 |
| Avg Single Family Tax Change | 3.0% | 3.8% | 4.2% | 6.32% |
| Avg Commercial Tax Change | 16.6% | 3.94% | -2.73% | -33.37% |
| Residential Factor | 0.9686 | 0.9765 | 0.9799 | 1 |

Fiscal Year 2022 shift and tax rates

| | |
|---------------------------|-----------|
| Shift | 1.5 |
| Residential Tax Rate | \$12.47 |
| Commercial Tax Rate | \$19.12 |
| Avg Single Family Value | \$824,451 |
| Avg Commercial Value | \$968,067 |
| Average Single Family Tax | \$10,281 |
| Average Commercial Tax | \$18,509 |
| Residential Factor | 0.9783 |

| Fiscal Year 2023 | Valuation | % Change |
|-------------------------|-------------|----------|
| Avg Single Family Value | \$935,875 | 13.5% |
| Avg Commercial Value | \$1,055,931 | 9.0% |

History of Tax Rates and Tax Shifts 2012 to present

| Fiscal Year | Res Rate | Com. Rate | Shift |
|-------------|----------|-----------|-------|
| 2023* | \$11.40 | \$18.22 | 1.56 |
| 2022 | \$12.48 | \$19.12 | 1.5 |
| 2021 | \$13.13 | \$20.41 | 1.52 |
| 2020 | \$13.12 | \$20.10 | 1.5 |
| 2019 | \$13.18 | \$20.20 | 1.5 |
| 2018 | \$13.81 | \$21.90 | 1.55 |
| 2017 | \$13.56 | \$21.51 | 1.55 |
| 2016 | \$13.50 | \$21.70 | 1.57 |
| 2015 | \$13.94 | \$22.40 | 1.57 |
| 2014 | \$14.99 | \$22.97 | 1.5 |
| 2013 | \$14.70 | \$22.54 | 1.5 |
| 2012 | \$14.35 | \$21.99 | 1.5 |

* Awaiting Select Board and DOR Finalization

* Figures subject to change pending tax rate approval

Decisions to be made under Classification:

1. RESIDENTIAL FACTOR

REQUIRED TO CHOOSE

A policy decision is needed to determine the amount of the tax levy which the Residential, Open Space, Commercial, Industrial and Personal Property classes will bear. A Minimum Residential Factor (MRF) may be adopted, thereby reducing the residential tax rate by a specific percentage, and increasing the tax rate for Commercial, Industrial and Personal Property to as much as 150% of what they would pay at the 100% valuation.

2. RESIDENTIAL EXEMPTION

OPTIONAL (YES OR NO)

A policy decision is needed concerning the allowance of up to a 35% residential exemption. The maximum exemption which may be applied to each principal residence is 35% of the average assessed value of the residential class. Adopting a 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.

Milton has not adopted this previously. This option is typically adopted in rental areas and summer home areas. Previously it has been chosen by 13 out of 351 communities, such as Boston, Cambridge, Tisbury, etc.

3. SMALL COMMERCIAL EXEMPTION

OPTIONAL (YES OR NO)

A policy decision is needed regarding the small commercial exemption.

A small commercial business exemption is an option that can reduce commercial valuation by up to 10%. However, adopting a small commercial exemption increases the commercial and industrial tax rates.

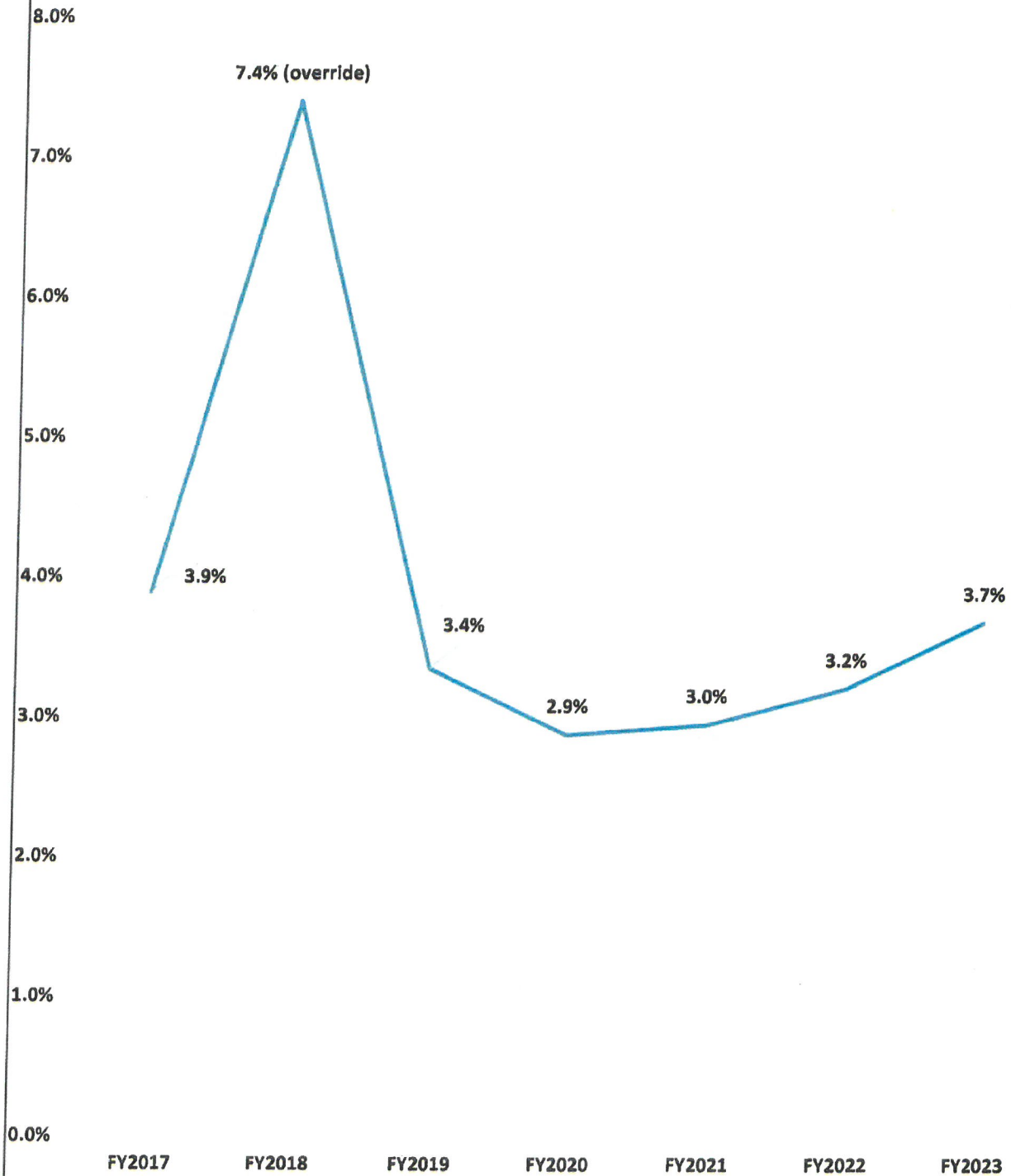
Milton has not adopted this previously. This has been previously adopted by 10 out of 351 communities.

RECOMMENDATIONS FROM THE BOARD OF ASSESSORS

The Board of Assessors recommends the following regarding the FY23 tax burden to be borne by each class of property:

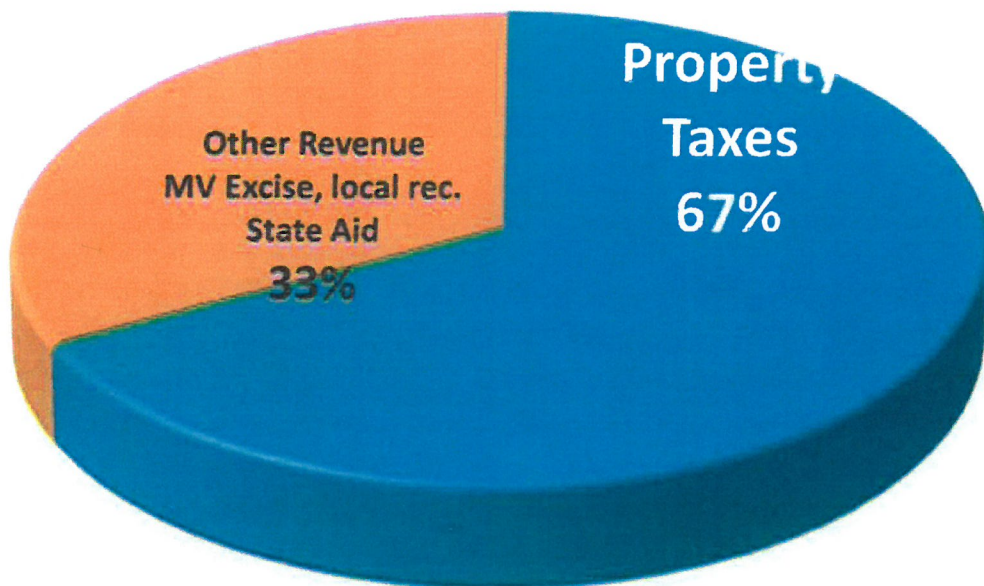
Vote: "That the Town of Milton adopt a minimum residential factor of .9765, NOT to adopt a residential exemption and NOT to adopt a small commercial exemption."

Avg Single Family Tax % Increase FY17 -FY23



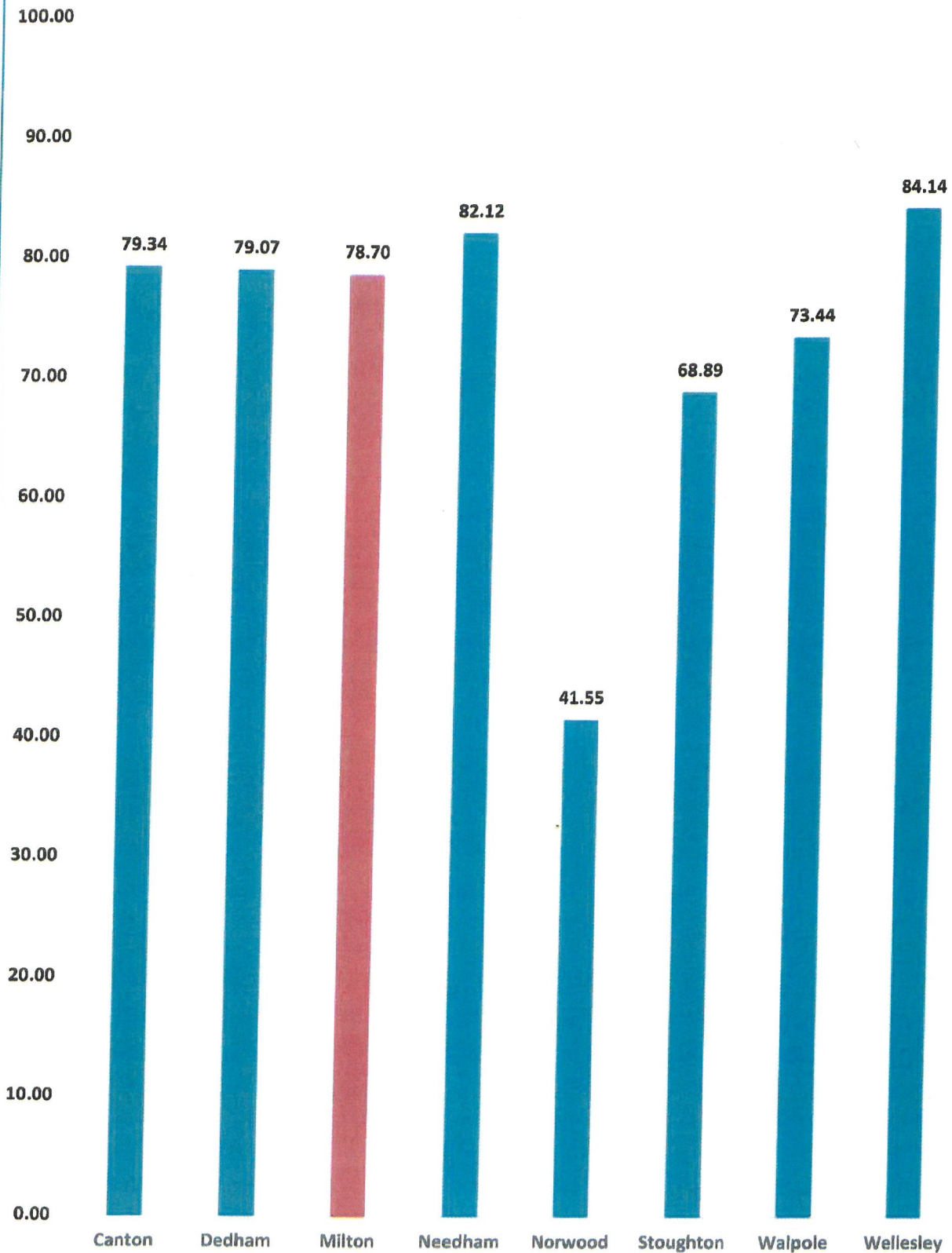
REVENUE SOURCES

W/O ENTERPRISE FUNDS

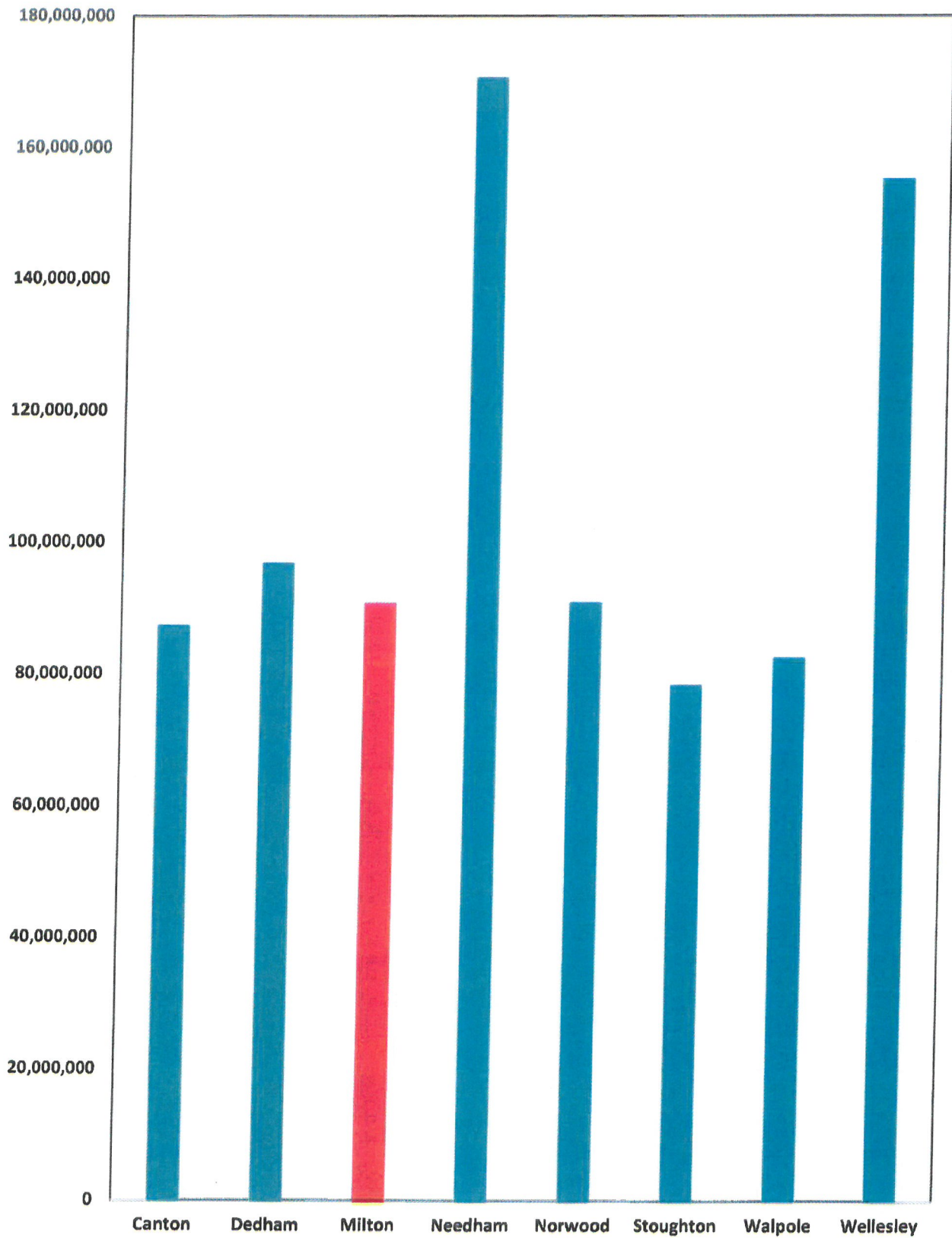


Tax Levy as % of Budget

without Enterprise Funds



Similar Size Towns - Total Tax Levy



Residential VS. Commercial, Industrial, Personal Property Assessed Value

