

# Fiscal Year 2023 Classification Hearing

Select Board  
Board of Assessors  
Dedham Town Hall  
November 28, 2022

# Agenda

- Hearing Requires Two Votes
- What is Classification
- What is a Tax Shift
- Overall Assessed Property in Dedham
- Average Values
- Estimated Tax Rates
- Historical Rates
- Closing

# Hearing Requires Two Votes by Board of Selectman

- Does the Select Board want to continue classification for the Town of Dedham?
  - The Board of Assessors recommends to continue classification for the Town of Dedham
- If classification does continue, what shift does the Select Board vote to use?
  - Historically the Town has shifted the maximum amount allowed. The BOA recommends the maximum shift of 1.75
- Based on these votes a tax rate for Fiscal Year 2023 is created.

# What is Classification?

- Municipalities have the option of taxing the various classes of property differently.
- Classes are:
  1. Residential
  2. Commercial, Industrial, Personal Property (CIP)
- The use of classification creates a tax shift

# What is a Tax Shift?

- Massachusetts communities may shift some of the residential tax burden onto the commercial, industrial, and personal properties (CIP) by adopting a residential factor which creates a split tax rate.
- Dedham has historically had a split tax rate
  - Split tax rates tax CIP at a higher rate than residential property.
  - Note personal property is business property such as equipment, furniture, computers, etc.

# What is a Tax Shift? (continued)

- How is it calculated;
  - Each type of property is classified into categories Residential or CIP
  - Each of these categories represents a percentage of the total assessed property in Town
- Last December 2021, the Board of Selectman, in consultation with the Board of Assessors, voted to set the 2022 Fiscal Year shift factor at 1.75, the maximum shift available for Dedham. CIP Property percentage is then multiplied by the shift factor (17.888% CIP x 1.75 Shift = 31.304%).
- This percentage is then subtracted from 100%. This difference is the total burden for residential properties (100% - 29.736%CIP = 70.264% Residential), which is 70.264%.
- This means that for FY23, CIP property, while representing just over 16.99% of the total taxable value, will pay just over 29.736% of the total taxes if voted to use the max shift factor of 1.75 (16.99%CIP x 1.75 Shift = 29.736%).
- This percentage is then subtracted from 100%. This difference is the total burden for residential properties (100% - 29.736%CIP = 70.264% Residential), which is 70.264%.

# Overall Assessed Value of Property

- These values are as of January 1, 2022, and are based on sales and data analysis from activity in calendar year 2021
- Residential \$5.566 billion
- Commercial \$880 million
- Industrial \$50 million
- Personal Property \$208 million
- Total of all Property \$6.705 billion
- Residential represents just over 83.01% while CIP represents approximately 16.99%

# Average Values

- Assessors do not raise or lower taxes. It is our responsibility to find the “full and fair cash value of properties.”
- As of 1/1/22 the average single-family home was assessed at \$668,273 (6,638 SFH / \$4.436B).
- The previous year was \$597,742 an increase of 11.8%
- As of 1/1/22 the average Commercial/Industrial (CI) property was assessed at \$2,621,269.
- The previous year was \$2,480,353 an increase of 5.68%



# Estimated Tax Rates

- If Classification continues at a shift of 1.75 for FY23:
  - Residential = \$12.84 per \$1,000 of value
  - CIP = \$26.55 per \$1,000 of value
- Therefore each \$100,000 of value equals approximately \$1,284 in residential taxes and \$2,655 in CIP taxes

# Historical Rates

Fiscal Year	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Average SFH	\$668,273	\$597,742	\$550,083	\$540,688	\$499,901
Tax Rate	\$12.84	\$13.35	\$13.67	\$13.72	\$14.15
Average Tax Bill	\$8,580.63	\$7,979.86	\$7,519.63	\$7,418.24	\$7,073.60
Average Increase (\$)	\$600.77	\$460.23	\$101.39	\$344.64	\$179.43
Average Increase (%)	7.53%	6.12%	1.37%	4.87%	2.60%

# Historical Levy Raised

Fiscal Year	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Total Tax Levy	\$101,740,444	\$97,098,375	\$93,353,588	\$89,836,926	\$86,602,476
Increase (\$)	\$4,642,069	\$3,744,787	\$3,516,662	\$3,234,450	\$2,065,264
Increase (%)	4.78%	4.01%	3.91%	3.73%	2.44%

# Closing

- This concludes the Board of Assessor's slide show
- We now refer to the packet of information prepared for this hearing