

TOWN OF WINTHROP

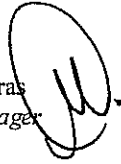
Massachusetts

Allen E. Maruzzi, *Chair*

Peter T. Gill

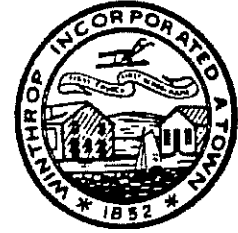
Scott Kinsella

Michele N. Karas
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FY2012 Tax Rate Analysis

Tonight's meeting of Tuesday, December 20, 2011 is the annual classification public hearing for the tax rate process. If the Town Council maintains a single tax rate, the estimated tax rate for FY2012 will be \$14.49 per thousand subject to Department of Revenue Approval.

Last year's tax rate was \$13.80 per thousand and the following information from 2011 to 2012 occurred to affect the tax rate: overall taxable value decrease of approximately 2.5%. The Town is able to increase the Tax Levy 2.5% per year under Prop. 2½.

To mathematically calculate the FY2011 tax rate of \$13.80 per thousand to the estimated rate for FY2012 of \$14.49, you simply multiply the percentage in change (decrease) of taxable valuation from FY11 vs. FY12, plus the annual 2.5% increase to \$13.80 and you get \$14.49 per thousand.

Case in-point for a factor of 1.0:

Take that percentage difference of	0.025 value decrease (must increase tax rate to offset)
Plus the 2.5% from Prop 2½ =	<u>0.025 annual increase</u>
Equals	0.050 = 5.0 %

Add 1.0 to 0.050 and multiply that by last year's tax rate.

Take the \$13.80 (actual FY11 tax rate) multiply it by 1.05 = **\$14.49** (est. FY12 tax rate) [+ / -] 0.005

If propose a factor 1.10:

For a 10% shift, the average Residential Taxpayer would see a savings (decrease of their tax bill) of \$26.

vs.

C.I.P would see a cost (increase of their tax bill) of \$253.

Proposed Motion: *To adopt a residential factor of 1.0 maintaining a single tax rate for residential, commercial, industrial and personal property.*

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