

FY2011

Tax Rate Analysis

Tonight's meeting, Tuesday, December 21, 2010 (continuation of Tuesday, December 14, 2010 meeting) is the annual classification hearing for the tax rate process. If the town council maintains a single tax rate, the estimated tax rate for FY 2011 will be \$13.80 per thousand subject to Department of Revenue Approval.

Last years tax rate was \$12.70 per thousand and the following information from 2010 to 2011 occurred to affect the tax rate. The average single family and condo property value decreased 6.2% percent. The analysis period for sales data for single family and condo's was January 1, 2009 thru December 31, 2009. Two and three family homes saw a slightly less of a decrease of approximately 4.5%. The analysis period for these homes was January 1, 2008 thru December 31, 2009, a two-year period (per DOR) because there wasn't enough sales data that occurred during a one-year period. Commercial property statistically remained unchanged. The town is able to increase the tax levy 2.5% per year under prop 2 1/2.

To mathematically calculate the 2010 tax rate of \$12.70 per thousand to the estimated rate for 2011 of \$13.80 per thousand, you simply multiply the average decreased in value of 6.2%, the override percent increase plus the annual 2.5% increase to \$12.70 and you get \$13.80 per thousand.

| | | |
|----------------|-------|---|
| <u>Example</u> | 6.20% | value decrease (must increase tax rate to offset) |
| | 2.50% | annual increase |
| | 8.70% | Total |

$\$12.70 * 1.087 = \13.80 per thousand

| | FY2011 Residential |
|------------|-----------------------|
| Everett | \$ 15.89 |
| Marblehead | \$ 10.21 |
| Winthrop | \$ 13.80 |
| Malden | \$ 13.58 |

Motion:

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

proposed

12/21/2010