

## Fiscal 2009 Tax Rates Set

### *Divergent values produce levy shift to business property*

Most homeowners will pay less in property taxes in FY09 than last year and the typical business will pay more as a consequence of the divergent values which contributed to a 4.2% increase in the business share of the tax levy. These changes will be reflected in the City's third quarter tax bills that will be mailed by year end and due February 1.

**Tax Value** -The business (commercial, industrial & personal) property value increased by \$2.2B or 7.3% when including new growth. Residential value decreased by \$1.9B or 3.2% due to the housing market slowdown and foreclosed property in selected neighborhoods. The valuation date for FY09 was January 1, 2008 which captured the market activity of 2007. The weakening in the commercial market later in 2008 will be reflected in next year's valuations.

**Tax Levy** - Business property represents 36.4% of taxable value but business now pays 63.8% of the tax levy, an increase of 4.2% over the prior year. This situation is created by a large increase in business value, a decrease in residential value and the City's use of full classification. The business share of the levy has now increased for two consecutive years following five years of annual decreases in its levy share. The levy of \$1.4B is at its maximum legal level except by a Proposition 2½ override vote.

**Tax Rates** - The business tax rate increased by 4.6% to \$27.11 per thousand dollars of value while the residential rate decreased by 3.1% to \$10.63. The business increase in value and tax rate in the same year combined to generate a \$97.3M increase in the business share of the tax levy.

Boston's Property Tax Summary					
Figures in 000's					
	FY07	FY08	FY09	Change FY08-09	%
<b>Taxable Value</b>					
C,I,P	\$27,222,631	\$30,679,912	\$32,921,997	\$2,242,085	7.3%
R	\$59,293,474	\$59,387,385	\$57,465,174	-\$1,922,211	-3.2%
<b>TOTAL</b>	<b>\$86,516,105</b>	<b>\$90,067,297</b>	<b>\$90,387,171</b>	<b>\$319,874</b>	<b>0.4%</b>
<b>Tax Levy</b>					
C,I,P	\$731,472	795,223	892,515	\$97,292	12.2%
R	\$538,788	539,055	507,499	-\$31,556	-5.9%
<b>TOTAL</b>	<b>\$1,270,260</b>	<b>\$1,334,278</b>	<b>\$1,400,015</b>	<b>\$65,737</b>	<b>4.9%</b>
<b>Value as % of Total</b>					
C,I,P	31.5%	34.1%	36.4%	2.4%	
R	68.5%	65.9%	63.6%	-2.4%	
<b>Levy as % of Total</b>					
C,I,P	57.6%	59.6%	63.8%	4.2%	
R	42.4%	40.4%	36.2%	-4.2%	
<b>Tax Rate</b>					
C,I,P	\$26.87	\$25.92	\$27.11	\$1.19	4.6%
R	\$10.99	\$10.97	\$10.63	(\$0.34)	-3.1%