

## Fiscal 2008 Tax Rates Set

### *New classification law takes effect*

Boston's total taxable property value increased by 4% in FY08 and the total tax levy jumped by 5%. Reflecting the softness in the market, residential property values remained relatively flat in FY08 while business property value jumped by 12.7%. This marks the second consecutive year that business value increased by over \$3.0B, due to an improved economic climate, especially in the commercial office market in 2006 and 2007.

The sharp divergence in values and a new classification law that restored classification to its pre-2004 status produced a 2% increase in the business share of the tax levy and an equal decrease in the residential share. This shift reversed the annual increase in the residential share of the levy since FY03.

**Tax Levy** - Business property represents 34.1% of taxable value but now pays 59.6% of the tax levy. This share is below the 61.1% share in FY06 and remains below the 70% paid in FY02. As a result of this shift, the business portion of the tax levy increased by \$63.8M or 8.7% while the residential portion dropped by \$267,314. This situation is a reversal of last year when the business part of the levy decreased by \$6.8M and the residential portion increased by \$69.5M.

**Tax Rates** - The business tax rate decreased by 3.5% to \$25.92 per thousand dollars of value while the residential rate decreased by 0.2% to \$10.97. With increasing values, the tax rates generally decline to insure that the City does not increase the levy on existing property by more than 2.5%.

Boston's Property Tax Summary					
Figures in 000's					
	FY06	FY07	FY08	Change FY07-08	Percent
<b>Taxable Value</b>					
CIP	\$24,049,094	\$27,222,631	\$30,679,912	\$3,457,281	12.7%
R	50,688,907	59,293,474	59,387,385	93,910	0.2%
<b>Total</b>	<b>\$74,738,001</b>	<b>\$86,516,106</b>	<b>\$90,067,297</b>	<b>\$3,551,191</b>	<b>4.1%</b>
<b>Tax Levy</b>					
CIP	\$738,307	\$731,472	\$795,223	\$63,751	8.7%
R	469,313	538,788	539,055	267	0.1%
<b>Total</b>	<b>\$1,207,620</b>	<b>\$1,270,260</b>	<b>\$1,334,278</b>	<b>\$64,019</b>	<b>5.0%</b>
<b>Value As % of Total</b>					
CIP	32.2%	31.5%	34.1%	2.6%	
R	67.8%	68.5%	65.9%	-2.6%	
<b>Levy As % Of Total</b>					
CIP	61.1%	57.6%	59.6%	2.0%	
R	38.9%	42.4%	40.4%	-2.0%	
<b>Tax Rates</b>					
CIP	\$30.70	\$26.87	\$25.92	(\$0.95)	-3.5%
R	\$11.12	\$10.99	\$10.97	(\$0.02)	-0.2%