

**Town of Braintree
Tax Rate Classification
December 3, 2024**





The purpose of the Tax Rate Classification Hearing is to apportion the tax levy to be raised amongst residential and commercial classes of property (MGL Chp 40, Sec 56).

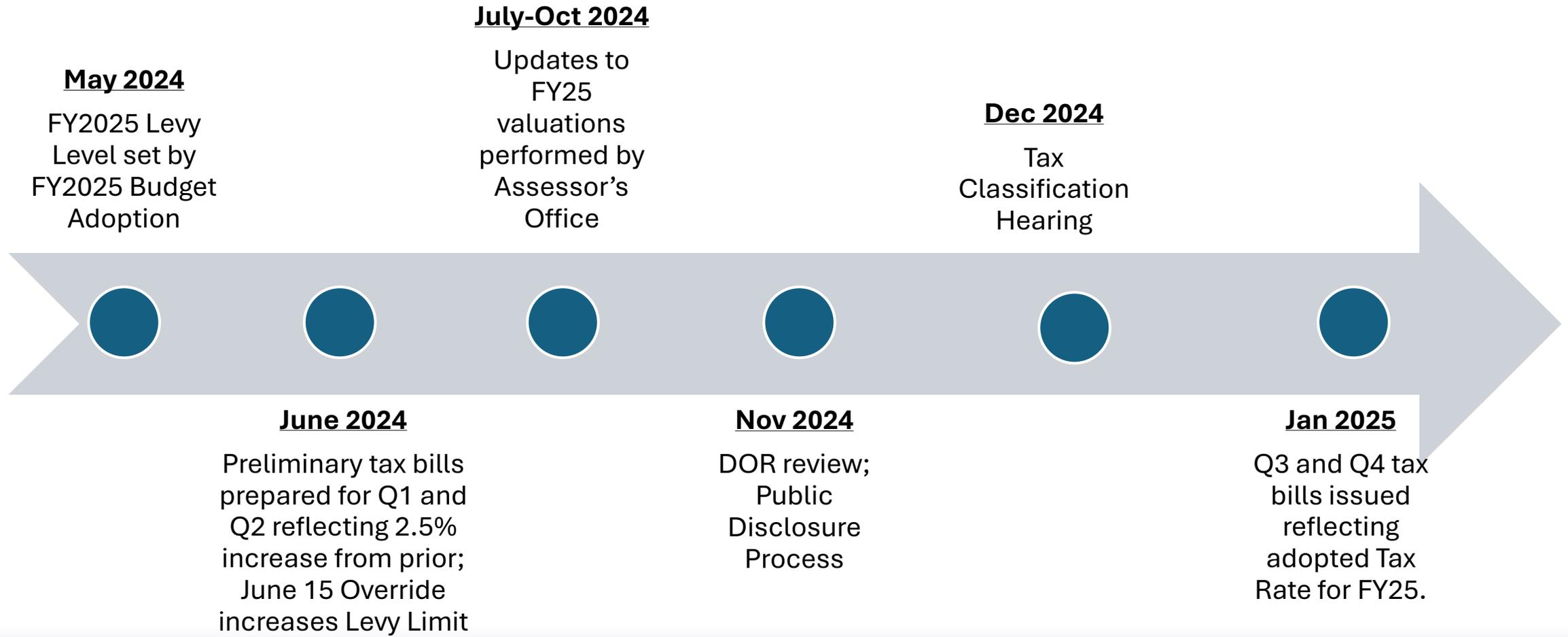


State law provides that a community may “shift” a portion of the annual tax levy from the residential property class to the commercial class (known as the “residential factor”).



Since the 1980s Braintree has annually elected to adopt a residential shift, lowering the residential tax rates below where they would otherwise be if allocated proportionate to valuations.

Setting the Tax Levy



FY25 Budgeted Tax Levy

Annual Tax Levy, FY2024 and FY2025		
	FY2024	FY2025 Budget
Prior Year Tax Limit:	\$ 105,841,127	\$ 109,082,590
2.5% Increase:	\$ 2,646,028	\$ 2,727,065
New Growth:	\$ 595,435	\$ 595,435
Override:		\$ 8,000,000
Debt Exclusion Debt Service:	\$ 2,664,529	\$ 2,659,099
Fiscal Year Tax Limit:	\$ 111,747,119	\$ 123,064,189
Annual Change from FY24:		10.1%

June 15 approval of \$8M Override increases FY25 Levy limit



Valuations

	2024		2025		2025 v 2024 # / \$		2025 v 2024 %	
	Units (1)	Value	Units (1)	Value	Units (1)	Value	Units (1)	Value
Residential								
Single Family	9,107	\$ 6,085,097,500	9,111	\$ 6,416,758,000	4	\$ 331,660,500	0.0%	5.5%
Condominium	1,840	823,759,400	1,842	858,188,100	2	\$ 34,428,700	0.1%	4.2%
Misc Residential	30	28,960,480	30	30,052,710	-	\$ 1,092,230	0.0%	3.8%
Two Family	475	342,110,685	475	363,601,560	-	\$ 21,490,875	0.0%	6.3%
Three Family	70	60,801,000	70	71,106,700	-	\$ 10,305,700	0.0%	16.9%
Multi-Family	491	453,347,800	485	473,651,800	(6)	\$ 20,304,000	-1.2%	4.5%
Multi-Use Residential	66	27,959,666	65	29,039,570	(1)	\$ 1,079,904	-1.5%	3.9%
sub-total	12,079	\$ 7,822,036,531	12,078	\$ 8,242,398,440	(1)	\$ 420,361,909	0.0%	5.4%
Commercial / Industrial / Personal Property (CIP)								
Commercial	533	\$ 1,412,026,990	535	\$ 1,445,745,802	2	\$ 33,718,812	0.4%	2.4%
Industrial	197	307,252,060	198	337,486,420	1	\$ 30,234,360	0.5%	9.8%
Personal Property	---	138,619,590	---	159,254,040	---	\$ 20,634,450	---	14.9%
sub-total	730	\$ 1,857,898,640	733	\$ 1,942,486,262	3	\$ 526,333,435	0.4%	4.6%
All Taxable Property(2)	12,677	\$ 9,679,935,171	12,679	\$ 10,184,884,702	2	\$ 946,695,344	0.0%	5.2%
Total Levy Ceiling		\$ 241,998,379		\$ 254,622,118				
(1) Per annual reporting through MA Dept. of Revenue, "Units" refers to individual parcels.								
(2) All Taxable Property parcel counts are reduced to not double count multi-use parcels.								



Residential Factor Shift

Class		<u>FY2025 Value</u>	<u>% Value</u>	<u>Shift</u>	<u>% Tax</u>
Residential	\$	8,242,398,440	80.93%	---	66.62%
Commercial	\$	1,445,745,802	14.20%	175%	24.84%
Industrial	\$	337,486,420	3.31%	175%	5.80%
Personal	\$	159,254,040	1.56%	175%	2.74%
Total	\$	10,184,884,702	100.00%		100.00%

Residential factor shift provides for an **18% reduction** in the tax burden that would otherwise be assigned the RES classification.



Residential Factor Shift

Exhibit A - FY 2025 Tax Rate Impact									
At Tax Rate Shifts at 1.75 Residential Factor									
Residential at 1.75 Tax Rate Shift						Tax Change from Prior Year		Avg Value Change from Prior Year	
FY	Total Value	Parcels	Avg Value	Tax Rate	Taxes	\$Change	%Change	\$Change	%Change
2025	\$ 8,242,398,440	12,078	\$ 682,431	\$ 9.98	\$ 6,813.84	\$ 674.84	11.0%	\$ 34,857.55	5.4%
2024	\$ 7,822,036,531	12,079	\$ 647,573	\$ 9.48	\$ 6,138.99				
Commercial at 1.75 Tax Rate Shift						Tax Change from Prior Year		Avg Value Change from Prior Year	
FY	Total Value	Parcels	Avg Value	Tax Rate	Taxes	\$Change	%Change	\$Change	%Change
2025	\$ 1,445,745,802	535	\$ 2,702,329	\$ 21.29	\$ 57,525.83	\$ 3,879.40	7.2%	\$ 53,122.24	2.0%
2024	\$ 1,412,026,990	533	\$ 2,649,206	\$ 20.25	\$ 53,646.43				
Industrial at 1.75 Tax Rate Shift						Tax Change from Prior Year		Avg Value Change from Prior Year	
FY	Total Value	Parcels	Avg Value	Tax Rate	Taxes	\$Change	%Change	\$Change	%Change
2025	\$ 337,486,420	198	\$ 1,704,477	\$ 21.29	\$ 36,284.06	\$ 4,701.04	14.9%	\$ 144,821.74	9.3%
2024	\$ 307,252,060	197	\$ 1,559,655	\$ 20.25	\$ 31,583.02				
Personal Property at 1.75 Tax Rate Shift*						Tax Change from Prior Year*		Value Change from Prior Year*	
FY	Total Value	Parcels	Avg Value	Tax Rate	Taxes	\$Change	%Change	\$Change	%Change
2025	\$ 159,254,040	---	---	\$ 21.22	\$ 3,380,114.05	\$ 581,384.53	20.8%	\$ 20,634,450.00	14.9%
2024	\$ 138,619,590	---	---	\$ 20.19	\$ 2,798,729.52				
*Tax Change and Value Change Represent Aggregate Personal Property grouping, not average values.									
Residential at 1.00 Tax Rate Shift						Tax Change from Prior Year		Avg Value Change from Prior Year	
FY	Total Value	Parcels	Avg Value	Tax Rate	Taxes	\$Change	%Change	\$Change	%Change
2025	\$ 8,242,398,440	\$ 12,078	\$ 682,431	\$ 12.13	\$ 8,276.78	\$ 2,137.79	34.8%	\$ 34,857.55	5.4%
2024	\$ 7,822,036,531	\$ 12,079	\$ 647,573	\$ 9.48	\$ 6,138.99				



FY25 Tax Levy, Budget and Current

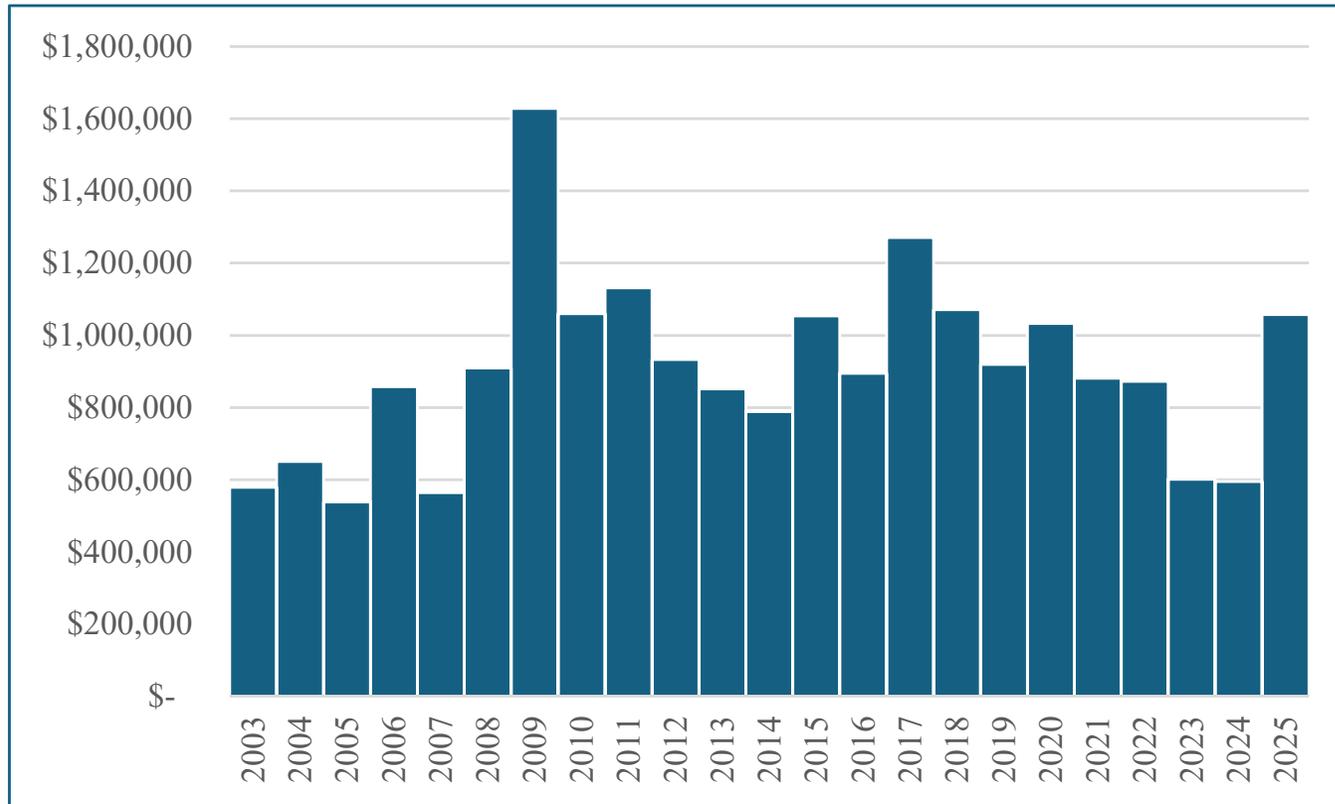
	<u>FY2024</u>	<u>FY2025 Budget</u>	<u>FY2025 Current</u>
Prior Year Tax Limit:	\$ 105,841,127	\$ 109,082,590	\$ 109,082,590
2.5% Increase:	\$ 2,646,028	\$ 2,727,065	\$ 2,727,065
New Growth:	\$ 595,435	\$ 595,435	\$ 1,057,413
Override:		\$ 8,000,000	\$ 8,000,000
Debt Exclusion Debt Service:	\$ 2,664,529	\$ 2,659,099	\$ 2,659,099
Fiscal Year Tax Limit:	\$ 111,747,119	\$ 123,064,189	\$ 123,526,167
Annual Change from FY24:		10.1%	10.5%

Estimated New Growth at \$462,000 above budgeted estimate.

\$8 million override represents 70% of the increase in annual tax levy to be raised for FY2025.



FY25 New Growth



\$1.05M in FY25 represents first time since FY20 that New Growth did not decline from prior year.

Estimated New Growth at \$462,000 above budgeted estimate.

Source: MA Dept. of Revenue



FY 2025 Tax Rate with Residential Factor

	Valuation	%Value	Res Shift	Levy Burden	Tax Rate
Residential	\$ 8,242,398,440	80.93%	66.62%	\$ 82,297,542	\$ 9.98
CIP	\$ 1,942,486,262	19.07%	33.38%	\$ 41,228,625	\$ 21.22
Total	\$10,184,884,702		100.00%	\$123,526,167	

Tax rates set after implementing residential factor, corresponding to 5% increases from FY24.



Small Business Commercial Exemption

	Valuation	%Value	Res Shift	Levy Burden	Tax Rate
Residential	\$ 8,242,398,440	80.93%	66.62%	\$ 82,297,542	\$ 9.98
Commercial / Industrial	\$ 1,783,232,222	17.51%	30.64%	\$ 37,848,511	\$ 21.29
Personal Property	\$ 159,254,040	1.56%	2.74%	\$ 3,380,114	\$ 21.22
Total	\$10,184,884,702	100.00%	100.00%	\$123,526,167	

Tax rates set after implementing residential factor and Small Business Commercial Exemption, which results in a \$0.07 increase in Commercial / Industrial to offset cost of Exemption for eligible businesses.

Roughly 100 businesses used the Small Business program in FY24, exempting \$5 million in property value from taxation saving them \$101,000 in taxes.

Single Family Home Tax Impact

	FY2024	FY2025	\$Change	%Change
Average Value	\$ 668,178	\$ 704,287	\$ 36,109	5.4%
Tax Rate	\$ 9.48	\$ 9.98	\$ 0.50	5.3%
Tax*	\$ 6,334.33	\$ 7,032.06	\$ 697.74	11.0%

*Numbers may not sum due to rounding.

Single Family households represent 72% of taxable property units in FY25 and 63% of taxable value.



FY25 Comparisons

Annual Single Family Tax Bill			
FY2024:	\$	6,334.33	
FY2025:	\$	7,032.06	
	\$Change*:	\$	697.74
Change Factors:			Contribution to Annual Increase
Valuation	\$	342.31	49%
Rate	\$	355.43	51%
	\$Change*:	\$	697.74
Levy Factors:			Contribution to Annual Increase
Annual Prop 2 1/2 Limit:	\$	242.32	35%
Override:	\$	455.42	65%
	\$Change*:	\$	697.74

*Numbers may not sum due to rounding.

For single family households the annual growth is determined 50 / 50 by growth in valuation and increase in tax rates.

35% of annual increase for average single-family household attributed to annual Prop 2 and 1/2 changes with the remaining 65% associated with the \$8 million June 15 override.

FY25 Tax Bills – Single Family Example

FY23 Tax

total \$5,991.79

FY24 Tax

Q1 \$1,535.40

Q2 \$1,535.40

Q3 \$1,631.77

Q4 \$1,631.77

total \$6,334.33

FY25 Tax

Q1 \$1,623.17

Q2 \$1,623.17

Q3 \$1,892.86

Q4 \$1,892.86

total \$7,032.06

- Under MGL (Chp. 59, Sec. 57C) Preliminary (Q1 and Q2) tax bills are set at prior-year tax plus 2.5% increase.
- Q3 and Q4 bills reflect changes from tax classification and updated valuations and rates.
- For illustration, a taxes by quarter are shown by quarter for FY24 and FY25:
 - When annual taxes increase by greater than 2.5%, Q3 and Q4 tax bills must “catch up” for Q1 and Q2 bills each being lower than one quarter of the total year’s tax.
 - FY25 total tax (4 quarters) is 10.82% increase from prior year.
 - FY25 Q3 and Q4 bills represent:
 - 16.6% increase from FY25 Q1/Q2
 - 16.0% increase from FY24 Q3/Q4

