

CLASSIFICATION HEARING

DECEMBER 6, 2006

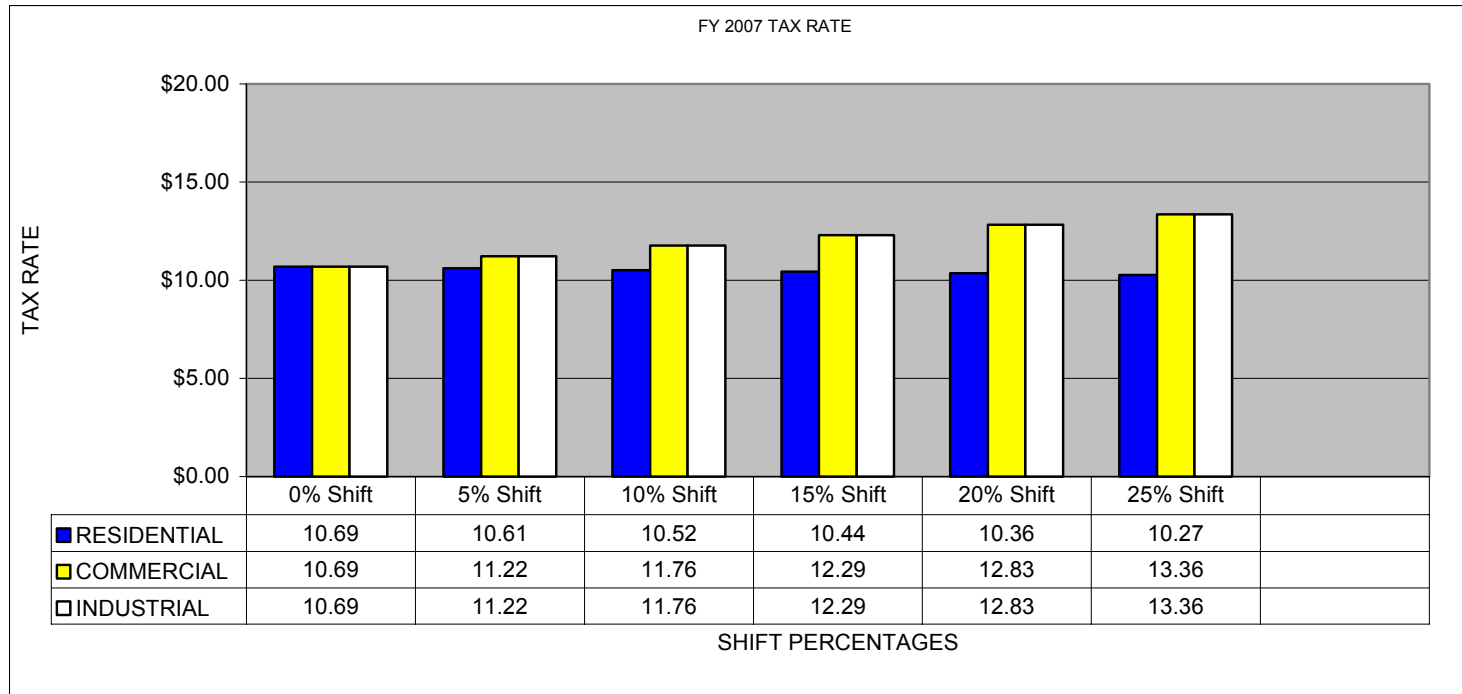
FOR FISCAL 2007

- **Chapter 797**, the Classification Law, allows a community to choose among several options for allocating the tax burden at the time of setting the tax rate. Under the Law, the Town may elect, by vote of the Board of Selectmen at the Classification Hearing, to **shift** the taxes in a number of ways.
- **Residential Exemption:** An exemption of up to 20% of the average assessed value of all eligible Residential parcels. If a Residential Exemption were to be adopted, it would decrease the percentage share to be borne by owner-occupied parcels, and increase the share borne by accessory land, summer homes, and other Residential property not occupied by the owner.
- **Small Commercial Exemption:** An exemption of up to 10% of the assessed value of eligible Commercial parcels may be adopted for the first time in Fiscal 1997. To qualify for the Small Commercial Exemption, the parcel must be assessed under \$1,000,000, and be wholly occupied by a small business or businesses having ten or fewer employees. The list of eligible businesses is prepared by the Commissioner of the Department of Employment and Training (DET); any business not appearing on the list is **NOT** eligible.
- If a Small Commercial Exemption were to be adopted, it would decrease the share of the tax to be borne by the eligible parcels, and increase the share borne by the remaining Commercial parcels and all Industrial parcels. The Residential and Personal Property classes are not affected by the Small Commercial Exemption.
- **Tax Rates:** Chapter 797 allows a community to set a single tax rate to be applied to all classes. Alternatively, it may increase the share of the levy raised by Commercial, Industrial and Personal Property up to 150% while decreasing the share raised by Residential property. Please see the attached chart for the average Fiscal Year 2007 values of developed Residential, Commercial and Industrial parcels, and the tax bill for each using a proposed single tax rate of **\$10.69**. Examples of the impact of various shift percentages on tax rates and bills are included. If Classification (having a dual tax rate) were to be adopted by the Town, by Law it would have to be maintained for a least two years.

Shift Percentages

with various tax rates

FY 07 TAX RATE SHIFTS	0.00	10.00	15.00	20.00	25.00	
RESIDENTIAL	10.69	10.61	10.52	10.44	10.36	10.27
COMMERCIAL	10.69	11.22	11.76	12.29	12.83	13.36
INDUSTRIAL	10.69	11.22	11.76	12.29	12.83	13.36
	0% Shift	5% Shift	10% Shift	15% Shift	20% Shift	25% Shift



AVERAGE ASSESSMENTS/ TAX BILLS

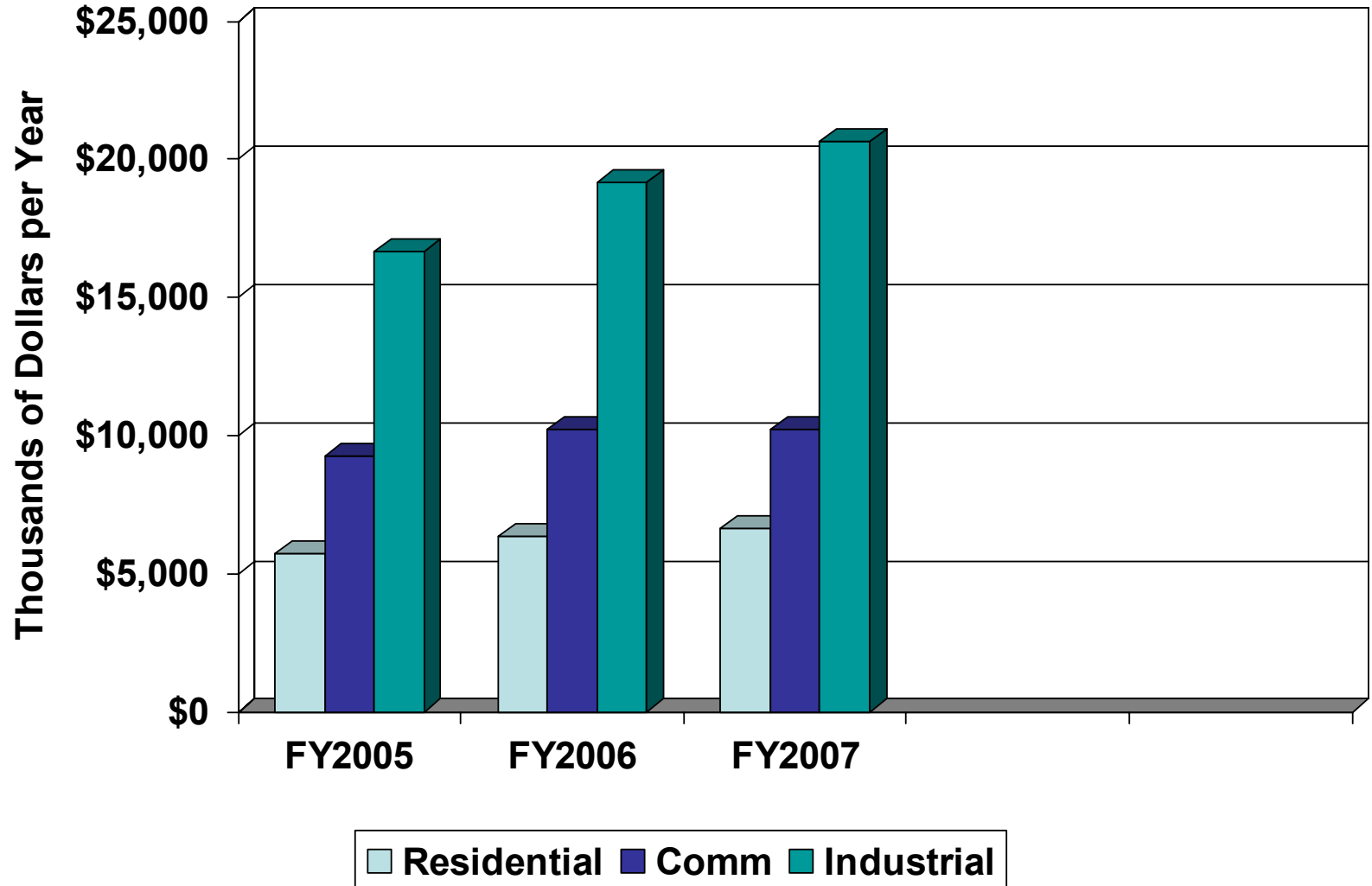
for fiscal 2007 with shift percentage

TAX RATE CLASSIFICATION FOR FISCAL 2007					
	SHIFT	TAX RATE	AVERAGE ASSESSED	AVERAGE TAXES	
RESIDENTIAL	0%	\$ 10.69	\$ 622,473.00	\$ 6,654.23	
COMMERCIAL	0%	\$ 10.69	\$ 957,041.00	\$ 10,230.77	
INDUSTRIAL	0%	\$ 10.69	\$ 1,930,470.00	\$ 20,636.72	
RESIDENTIAL	5%	\$ 10.61	\$ 622,473.00	\$ 6,604.44	
COMMERCIAL	5%	\$ 11.22	\$ 957,041.00	\$ 10,738.00	
INDUSTRIAL	5%	\$ 11.22	\$ 1,930,470.00	\$ 21,659.87	
RESIDENTIAL	10%	\$ 10.52	\$ 622,473.00	\$ 6,548.42	
COMMERCIAL	10%	\$ 11.76	\$ 957,041.00	\$ 11,254.80	
INDUSTRIAL	10%	\$ 11.76	\$ 1,930,470.00	\$ 22,702.33	
RESIDENTIAL	15%	\$ 10.44	\$ 622,473.00	\$ 6,498.62	
COMMERCIAL	15%	\$ 12.29	\$ 957,041.00	\$ 11,762.03	
INDUSTRIAL	15%	\$ 12.29	\$ 1,930,470.00	\$ 23,725.48	
RESIDENTIAL	20%	\$ 10.36	\$ 622,473.00	\$ 6,448.82	
COMMERCIAL	20%	\$ 12.83	\$ 957,041.00	\$ 12,278.84	
INDUSTRIAL	20%	\$ 12.83	\$ 1,930,470.00	\$ 24,797.93	
RESIDENTIAL	25%	\$ 10.27	\$ 622,473.00	\$ 6,392.80	
COMMERCIAL	25%	\$ 13.36	\$ 957,041.00	\$ 12,786.07	
INDUSTRIAL	25%	\$ 13.36	\$ 1,930,470.00	\$ 25,791.08	

Average Tax Bills

(FY05 – FY07)

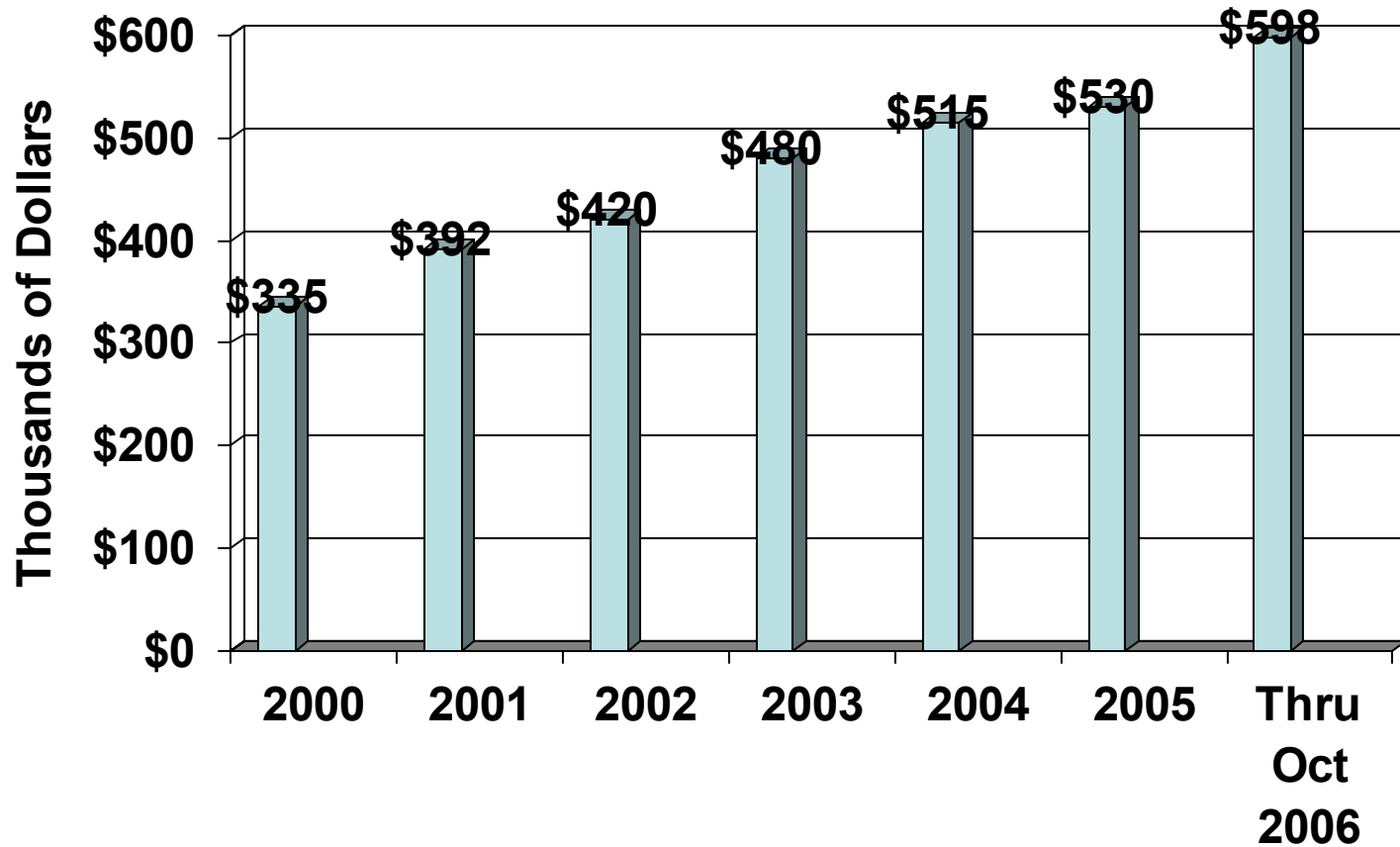
By Classification of Property



Norwell Median Sales Price

(2000 through 10/2006)

All Property Types

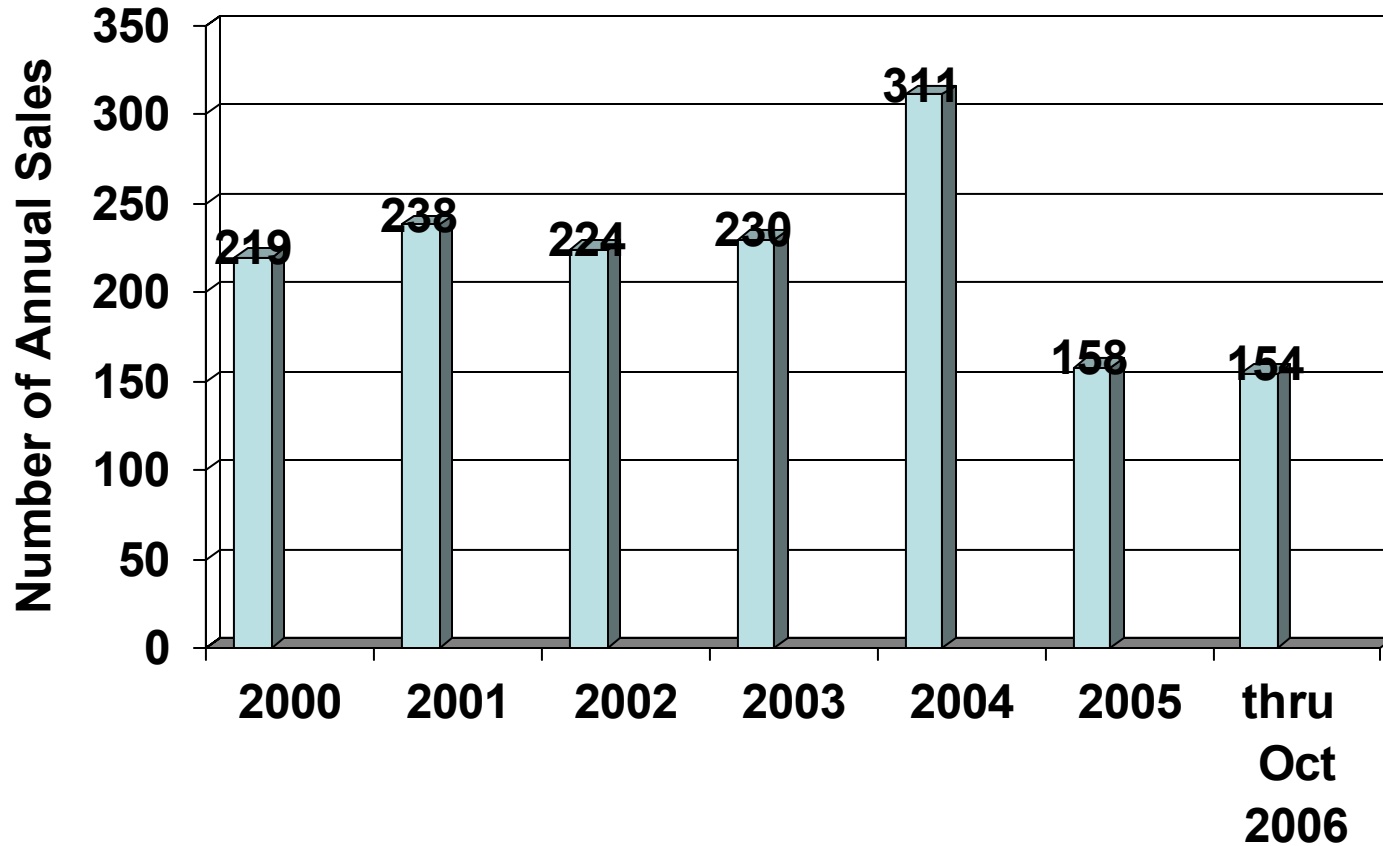


Source: The Warren Group, November 2006

Norwell Number of Sales

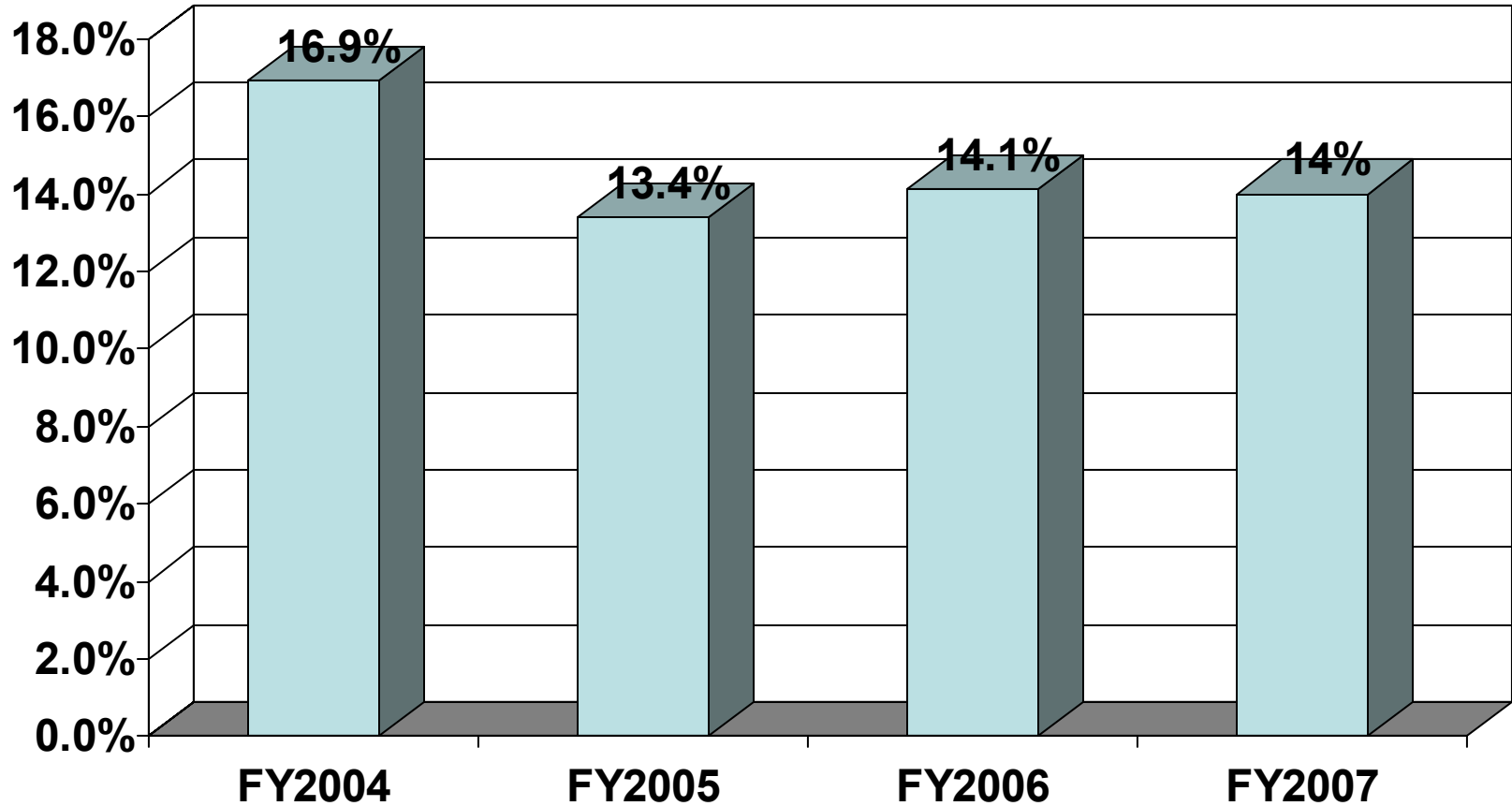
(2000 through 10/2006)

All Property Types



Source: The Warren Group, November 2006

FY 2007 NON RESIDENTIAL as a Percent of Total Levy



TAX RATE SUMMARY FOR FY 2007

- 1 A TOTAL AMOUNT TO BE RAISED \$39,931,670.19
- 1 B TOTAL ESTIMATED RECEIPTS \$13,180,383.07
- 1C (1A MINUS 1B)TAX LEVY \$26,751,296.12

- TAX LEVY DIVIDED BY THE TOTAL VALUATION OF REAL ESTATE

- $\$26,751,296.12 / \$2,502,459,880$ EQUALS TAX RATE OF \$10.69

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