

Boston Sets FY24 Tax Rates

New Growth Takes Center Stage

Boston's assessed property value sustained its upward trend, marking over a decade of continuous growth by increasing \$8.6B or 4.1% from FY23, for a total value of \$220.9B for FY24. Fueled by an unprecedented surge in new growth of \$121.8M, Boston's tax levy is expected to jump by \$195.6M or 6.1% this year. The assessment date for FY24 is January 1, 2023 and captures the market activity of 2022. This record for new growth tops the previous best of \$102.7M set in FY21 by \$19.1M, or 18.6%. New growth is a critical component of the annual tax levy increase because it permits the City to maintain its ability to deliver basic services. In every year from FY16 onward, new growth has represented more than half of the tax levy limit increase. This creates a heightened importance for new development and raises questions about how development can continue apace as the City faces economic uncertainty.

Property Values - Boston's growth in FY24 taxable value represents an increase of \$8.6B or 4.1%, substantially less compared to last year's growth of \$14.4B or 7.3%. By class, residential value increased by \$5.7B or 4.0%, while business (CIP) value rose by \$2.9B or 4.1%. While growth in commercial value of 4.1% and personal property (mainly the equipment and machinery of utilities and office equipment) of 8.3% drove business assessed values up overall, industrial property valuation decreased by 1.7%. The City's property base remains strong.

Levy & New Growth - Boston's property tax levy, the total revenue the City can raise through real and personal property taxes, increased by \$195.6M or 6.5% from FY23 to \$3.19B in FY24. In FY24, property tax revenue from new growth of \$121.8M accounts for 62.1% of the levy limit increase, enabling the levy limit to rise by 4.1% on top of the base increase. New growth in FY24 rose by 24.7% or \$24.1M over new growth in FY23, resulting in a substantial expansion of the City's levy raising capacity.

Boston's Taxable Value

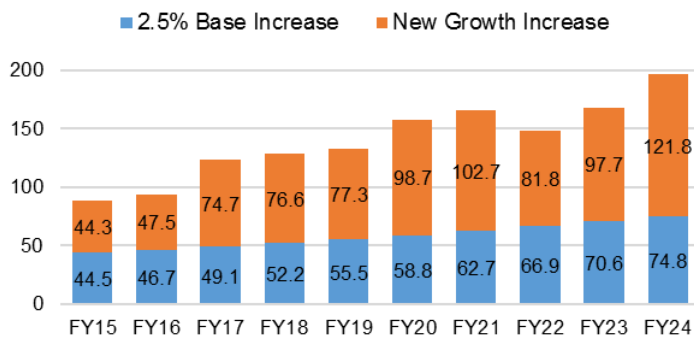
\$ in billions

	FY23	FY24	Change	%	% of FY24 Total
CIP*	\$70.7	\$73.6	\$2.9	4.1%	33.3%
R	\$141.5	\$147.2	\$5.7	4.0%	66.7%
Total	\$212.2	\$220.9	\$8.6	4.1%	100.0%

*CIP=Commercial, Industrial, Personal R=Residential

Levy Limit Increase FY15-FY24

Figures in Millions of Dollars



Tax Rates & Classification - In addition to the value jump, tax rates for both residential and business properties increased this year after a slight decline last year. Residential tax rates increased by \$0.16 or 1.5% to \$10.90 per thousand dollars of value, while the business tax rate of \$25.27 increased by 2.3% or \$0.59. As a result of the City's application of full classification, which allows the City to shift the property tax burden from residential to CIP, business property holds only 33.3% of the taxable value in the city, yet pays 58.3% of the tax levy. Residential property represents 66.7% of total taxable value but will pay 41.7% of property taxes.