

# Wellesley's Property Taxes: A 25 Year Historical Perspective (1986-2011)

October 17, 2011

# Property Taxes in Wellesley (1986-2011)

Over the last 25 years, Commercial Property owners' tax burden has declined 32% in comparison to Residential Property owners.

# Shift in Tax Burden to Residential Property Owners

How is this possible?

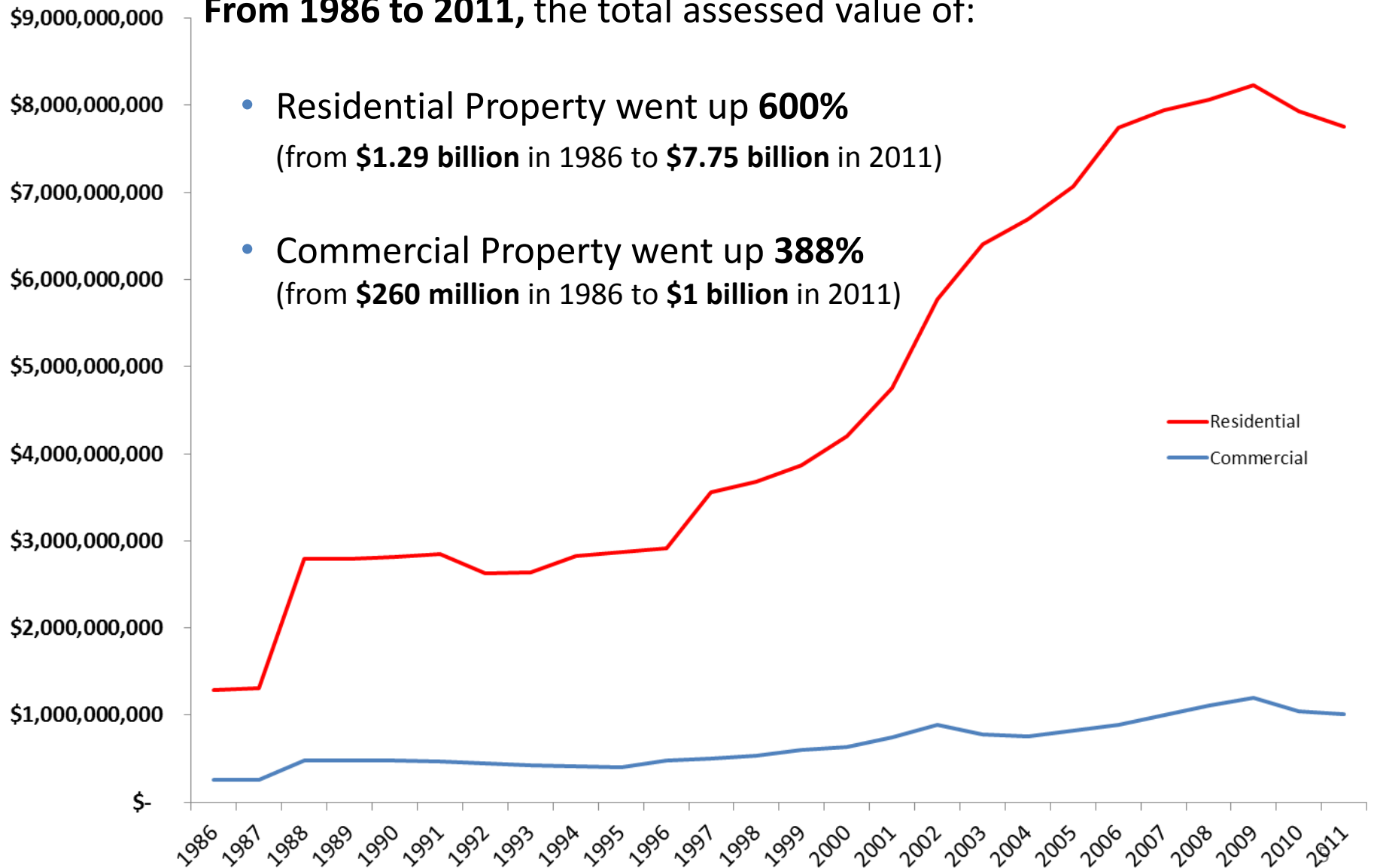
# Shift in Tax Burden to Residential Property Owners

- ❖ In general, as residential home values go up, commercial property taxes go down.
- ❖ This has been particularly true in Wellesley.
- ❖ The incredible increase in Wellesley's residential home values has significantly reduced commercial property taxes.

# Total Assessed Value of Residential and Commercial Properties

**From 1986 to 2011, the total assessed value of:**

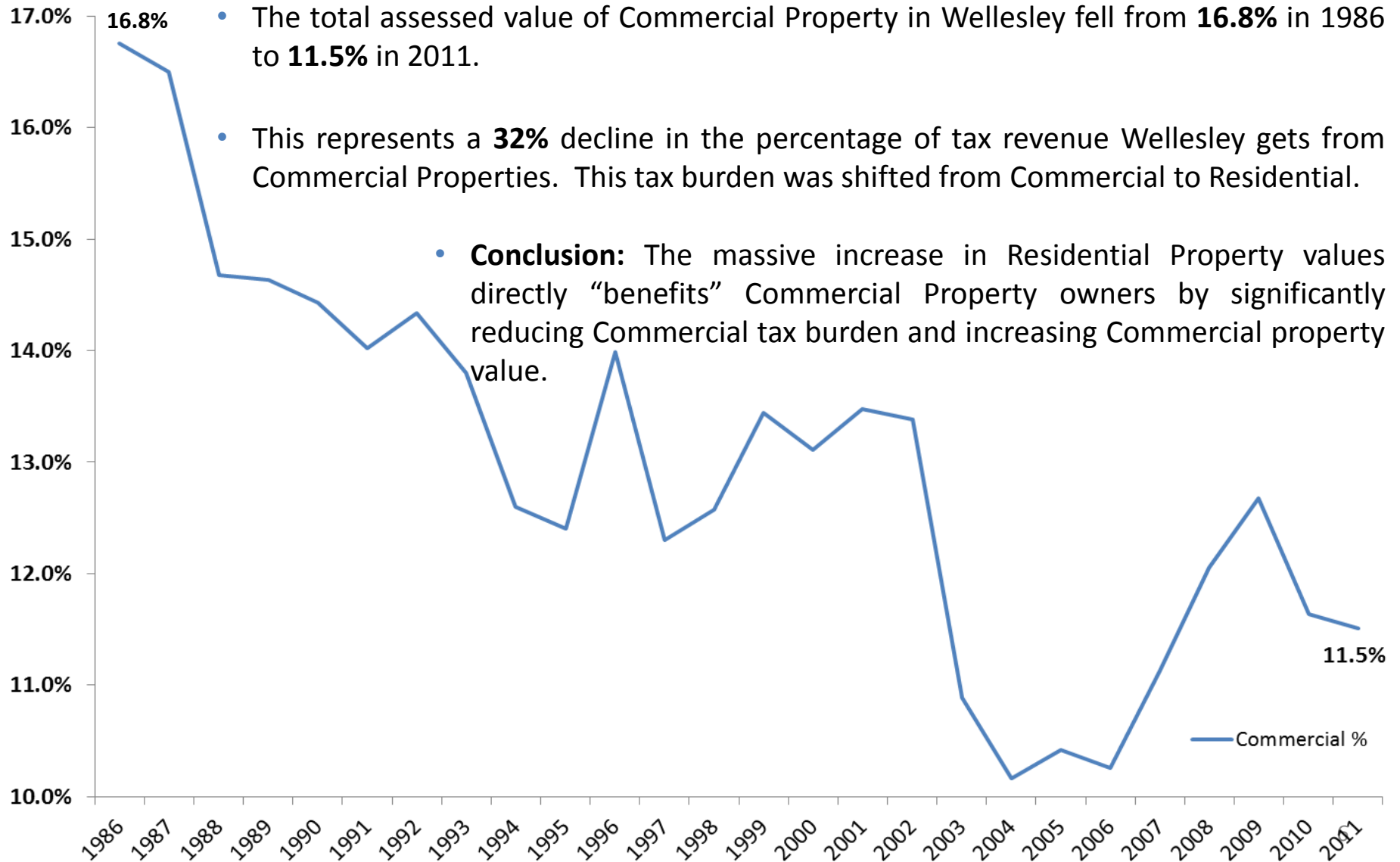
- Residential Property went up **600%**  
(from **\$1.29 billion** in 1986 to **\$7.75 billion** in 2011)
- Commercial Property went up **388%**  
(from **\$260 million** in 1986 to **\$1 billion** in 2011)



# Commercial Property % (1986-2011)

From 1986 to 2011:

- The total assessed value of Commercial Property in Wellesley fell from **16.8%** in 1986 to **11.5%** in 2011.
- This represents a **32%** decline in the percentage of tax revenue Wellesley gets from Commercial Properties. This tax burden was shifted from Commercial to Residential.
- **Conclusion:** The massive increase in Residential Property values directly “benefits” Commercial Property owners by significantly reducing Commercial tax burden and increasing Commercial property value.

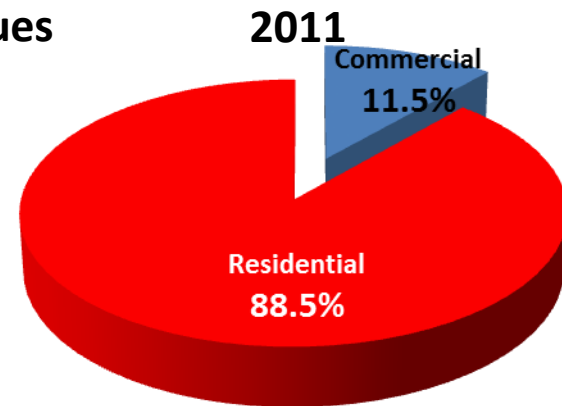
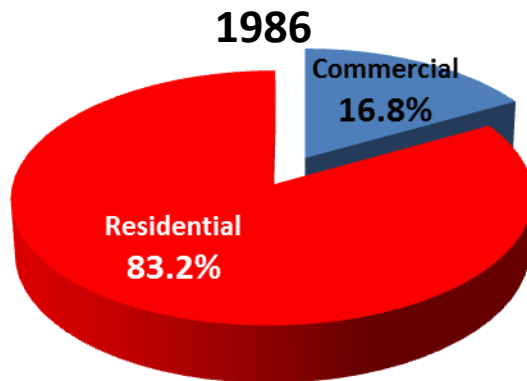


# Question: How much does this save Commercial Property Owners?

## Answer:

This dramatic shift in tax burden from Commercial to Residential saved Commercial owners over \$5.3 million in 2011 alone.

Residential vs. Commercial  
Share of Tax Revenues



2011 Commercial Taxes at 1986 ratio:  
\$16,824,421

2011 Commercial Taxes:  
\$11,516,717

2011 Savings to Commercial Property Owners:  
**\$5,307,704**

# 25 Year “Win-Win” for Commercial Property Owners

For the last 25 years, the massive increase in Residential Property values have benefited Commercial Property owners by:

- ❖ Significantly reducing the tax burden of Commercial Property owners (A \$5.3 million savings to Commercial owners in 2011 alone); and
- ❖ Increasing the profits and value of Commercial Properties by providing them access to more affluent households with great spending power.
- ❖ It has been a 25 Year “Win-Win” for Commercial Property owners.

# Question: Is there a way to Rebalance the Scales?

## *Answer:*

- ❖ Yes, the implementation of a Dual Tax would return Residential and Commercial Property owners' share of the tax burden back to where it was 25 years ago:
  - Residential Property owners would have a tax rate of **1.14%** and be responsible for approximately **83.2%** of the tax burden.
  - Commercial Property owners would have a tax rate of **1.72%** and be responsible for approximately **16.8%** of the tax burden.
  - The Failure to implement a Dual Tax unfairly penalizes Residential owners for dramatically increasing the overall value of the town.