



Property Tax Facts & Figures

Fiscal Year 2021 • Assessing Department

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The City of Boston Assessing Department's annual *Property Tax Facts & Figures* report presents an overview of property taxes in Boston using charts and tables to illustrate historical trends. The property tax data in this report allows a taxpayer to compare Fiscal Year 2021 assessments and tax rates with those in prior years and with those in other municipalities. Background information on the assessment process as well as relevant statutory considerations are offered for contextual purposes.

The Assessing Department has published the *Facts & Figures* reports for many years as a useful resource for taxpayers. You can obtain prior-year reports by visiting the Assessing Department website at boston.gov/assessing. Reports are located under More Resources, *Facts & Figures* reports.

Real and Personal Property

In taxation, the term "property" includes both real and personal property. Since they are taxed separately, a careful distinction between the two is necessary. Real Property includes land and all improvements. It is the physical land and everything attached to it, including everything under the ground (water and mineral rights) and everything above the ground. It includes all benefits, rights, interests and limitations inherent in the ownership of the real estate. Personal property consists of any tangible assets owned by an individual, a business, or an

organization which are not real estate and which are not permanently affixed to a particular building.

How Property Values are Determined

The Assessing Department is statutorily required to assess all property at its full and fair cash value as of January 1 of each year (Massachusetts General Laws, Chapter 59, Section 38). The assessed value for the Fiscal Year 2021 tax bill represents the fair cash value of property as of January 1, 2020. Full and fair cash value is defined as the price an owner willing, but not under compulsion, to sell ought to receive from a buyer willing, but not under compulsion, to purchase.

Constitutional and statutory provisions prohibit the assessment of property above or below its full and fair cash value. "Full and fair cash value" represents the applied constitutional and statutory standard protecting the property owner's right to pay only his or her fair share of the tax burden. The City of Boston has remained in compliance with the "full and fair cash value" standard since it was enacted in Fiscal Year 1983.

In practice, there are three accepted approaches to determining property value: market, income and cost.

Market Approach. Market sales of similar properties which sold in the year prior to January 1 are analyzed, compared and

adjusted to forecast what the property would sell for on January 1. When there are many sales, the market approach is the most accurate and dependable tool in the determination of value. Most residential property is valued by the market approach.

Income Approach. The income stream that a property is likely to produce for an investor is determined by examining data such as rents, occupancy rates, and expenses. The process of capitalization converts the future income stream into present worth or market value. The income approach is most applicable to real estate that is bought and sold based on its income-producing capabilities, such as retail stores, office buildings and apartment buildings.

Cost Approach. The current reproduction or replacement cost of a property is determined with adjustments made for depreciation and land value. Reproduction cost is the amount of money necessary to erect a new structure that is an exact replica of the existing building. Replacement cost is the expenditure necessary to build a new building equal in utility to the original and able to serve as a substitute in function. The cost approach is most applicable to special purpose properties that are not readily sold or rented.

Assessment Dates and Fiscal Year

Property tax assessments in Massachusetts are made in connection with fiscal years. Fiscal Year 2021 began on July 1, 2020 and ends on June 30, 2021. Massachusetts law requires that all property be assessed at its full market value as of the January 1 preceding the start of the fiscal year (January 1, 2020 for Fiscal Year 2021).

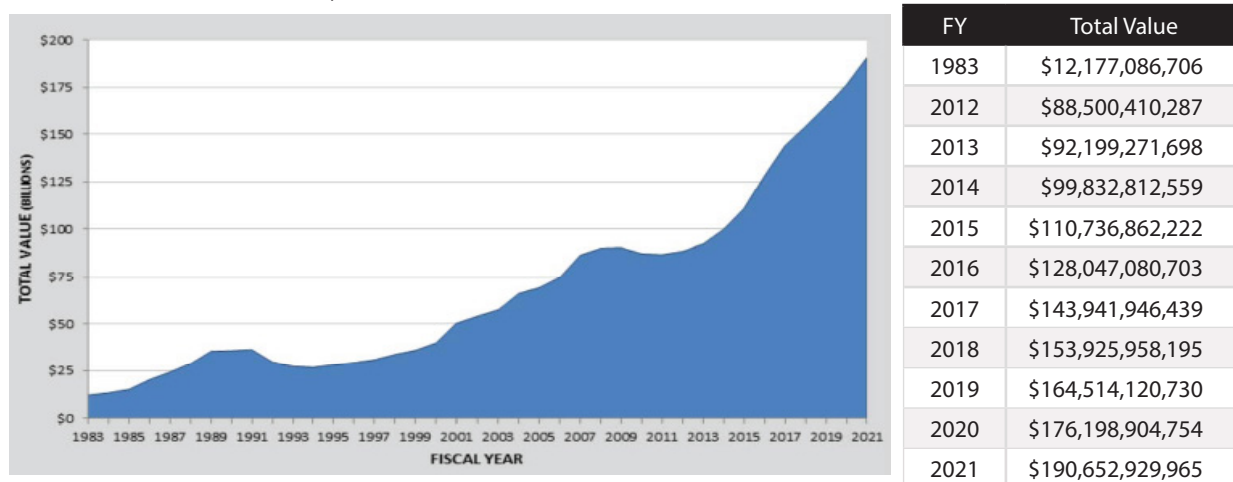
It is the ownership, condition, and value of the property on January 1 that determines the assessment and to whom the tax bill is assessed. Any new structures, additions, demolitions, improvements, or alterations that occur after January 1st will not be reflected in the assessing records until the subsequent fiscal year.

Fiscal Year 2021 Assessed Values

In Fiscal Year 2021, property assessments continued to increase due to the active real estate market throughout most neighborhoods during calendar year 2019.

The tax base - i.e. the total value of all taxable assessed property - increased from \$176.2 billion in Fiscal Year 2020 to \$190.7 billion in Fiscal Year 2021, an increase of \$14.5 billion or 8.2%. See Figure 1 for historic trends in the City of Boston's total assessed value, as

FIGURE 1: Total Assessed Value, Fiscal Years 1983-2021



well as Appendix A for assessed values by class for fiscal years 2015 to 2021.

Revaluation

Chapter 40, Section 56, of the Massachusetts General Laws, requires all cities and towns to conduct a revaluation every five years. A recent change in state law moved the revaluation cycle to every five years from every three years. Statewide, cities and towns are working with the Massachusetts Department of Revenue (“DOR”) to transition to this new schedule. The City conducted its revaluation in Fiscal Year 2021 and the next revaluation is scheduled to take place in Fiscal Year 2025.

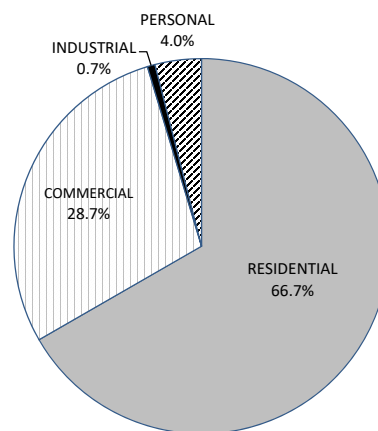
The DOR applies a rigorous certification process when a community revalues its property, requiring that assessments meet strict statistical tests to ensure that they accurately reflect the market and are applied consistently. In the years between revaluations, the City, pursuant to state law, must adjust property assessments consistent with real estate market trends.

Classification

Boston assesses both real and personal property. In 1978, the citizens of the Commonwealth approved a constitutional amendment authorizing the Legislature to classify real property into as many as four classes and to tax these classes differently. Assessors in Massachusetts assign real property in the city or town according to its use: residential, open space, commercial, or industrial. Personal property is not broken into classes. The City’s composition of real and personal property is shown in Figure 2.

Class One: Residential. Includes all property containing one or more units used for human habitation. The class includes accessory land and buildings such as garages and sheds. Single-family homes are in this class, as are large apartment buildings. Hotels and motels

FIGURE 2: Classes of Property, Fiscal Year 2021



Property Type	Total Value
Residential	\$127,136,166,756
Commercial	\$54,632,351,855
Industrial	\$1,251,386,403
Personal	\$7,633,024,951
TOTAL	\$190,652,929,965

are not included in this class. See Figure 3 for a breakdown of residential property by type.

Class Two: Open Space. Includes land maintained in an open or natural condition, which contributes significantly to the benefit

FIGURE 3: Residential Assessments, Fiscal Year 2021

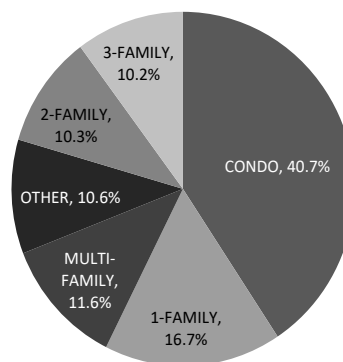
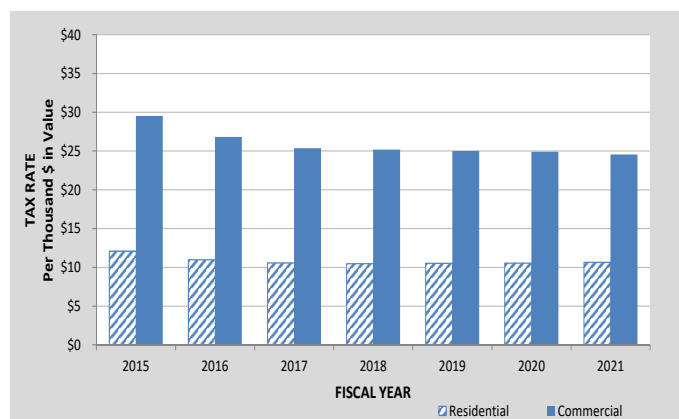


FIGURE 4: Classified Tax Rates, Fiscal Years 2015-2021



and enjoyment of the public. Such land cannot be held for the production of income. The Open Space classification is not used by the City of Boston.

Class Three: Commercial. Includes any property held for the purpose of conducting a business, such as office buildings, retail stores, restaurants, etc.

Class Four: Industrial. Includes any property involved in manufacturing, processing or extraction. It includes real property of utility companies used for storage and generation purposes.

Personal Property: Contains all taxable personal property of individuals, partnerships, associations, and certain

corporations. In Boston, a large portion of this class is owned by public utilities.

Impact of Classification

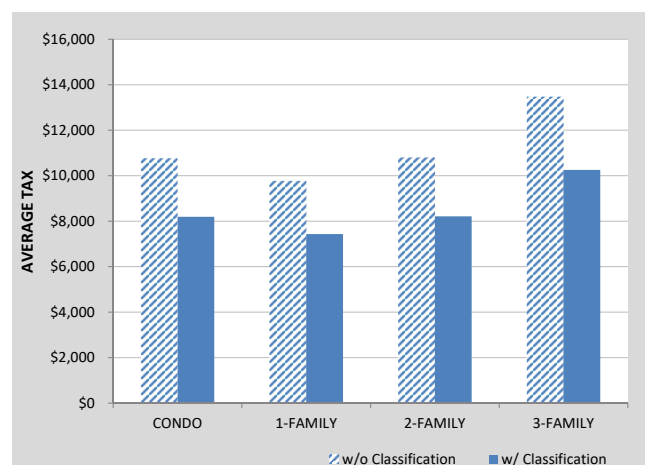
Preferential tax treatment for residential property is not required by the Commonwealth; it is a local option. In Boston, the City Council, with the approval of the Mayor, has chosen to fully implement classification. This implementation reduces the residential tax rate to the lowest level allowed by law. Without classification, residential taxpayers would see their property taxed at a much higher rate.

The Fiscal Year 2021 classified tax rate for residential property is \$10.67 per thousand of property value, while the classified tax rate for commercial, industrial, and personal property is \$24.55 per thousand of property value. Trends in classified tax rates for fiscal years 2015 to 2020 are displayed in Figure 4. See Appendix A for specific tax rates for fiscal years 2015 to 2021.

In Fiscal Year 2021, classification resulted in substantial savings for the City’s residential taxpayers (Figure 5). On average, classification saved homeowners:

- \$2,580 on a residential condominium;
- \$2,341 on a single-family home;
- \$2,587 on a two-family home; and
- \$3,229 on a three-family home.

FIGURE 5: Impact of Classification, Fiscal Year 2021



Property Tax Levy

The property tax levy is the amount a municipality raises through real and personal property taxes. In Boston, the property tax levy is the City’s largest source of revenue. Each year, the amount to be raised must be determined in accordance with Proposition 2½.

Proposition 2½

Proposition 2½, an initiative petition,

was approved by the citizens of the Commonwealth in 1980. Its principal provisions relative to the property tax are to:

- Limit the property tax levy in a city or town to no more than 2.5% of the total fair cash value of all taxable real and personal property.
- Limit the property tax levy to no more than a 2.5% increase over the prior year's levy limit, with certain provisions for new growth and construction. Taxpayers should note that the 2.5% limit applies to the entire levy, not to individual tax bills.
- Provide for local overrides of the levy limit and a local option to exclude certain debt from the limit. Since the inception of Proposition 2½, the City of Boston has not voted to either override the levy limitations or exclude any debt as allowed by Proposition 2½.

Under the provisions of Proposition 2½, the property tax may not exceed 2.5% of the value of all taxable property. In Fiscal Year 2021, the overall effective tax rate - taxes as a percent of value - was 1.40%. For more information about Proposition 2½, see

Massachusetts General Laws Chapter 59, Section 21C.

New Growth

Proposition 2½ allows a community to increase its levy limit annually by an amount based upon the valuation of certain new construction and other growth in the tax base that is not the result of property revaluation. The purpose of this provision is to recognize that new development results in additional municipal costs; for instance, the construction of a new housing development may result in increased school enrollment, public safety costs, and so on.

This provision covers:

- New construction, additions, and alterations that result in increases in assessed valuation aside from revaluation effects;
- New personal property;
- Exempt property returned to the tax rolls; and
- Net increased valuation for subdivision parcels and condominium conversions.

New growth is calculated by multiplying the increase in the assessed valuation of a newly

FIGURE 6: Total Property Tax Levy, Fiscal Years 1983-2021

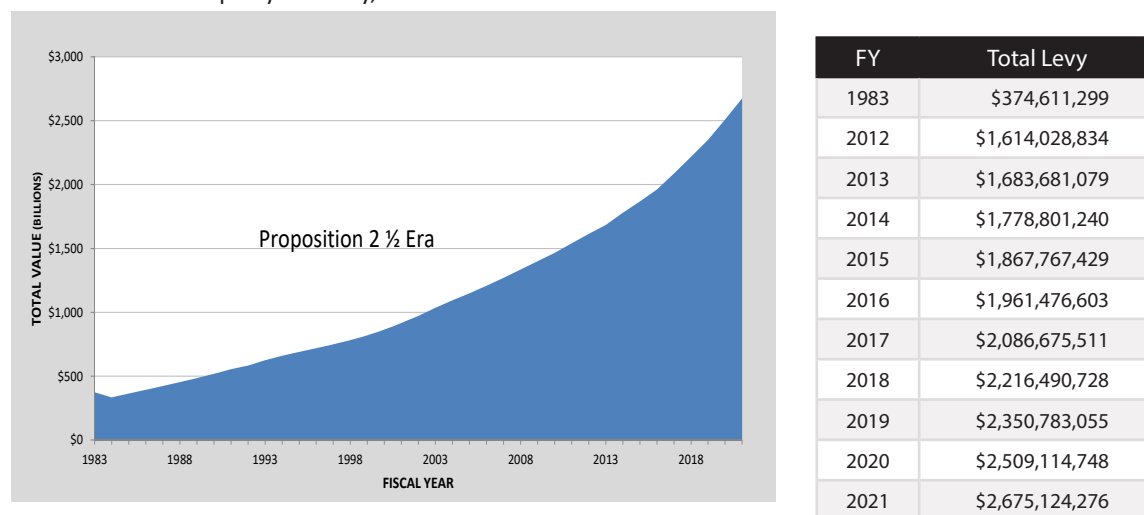
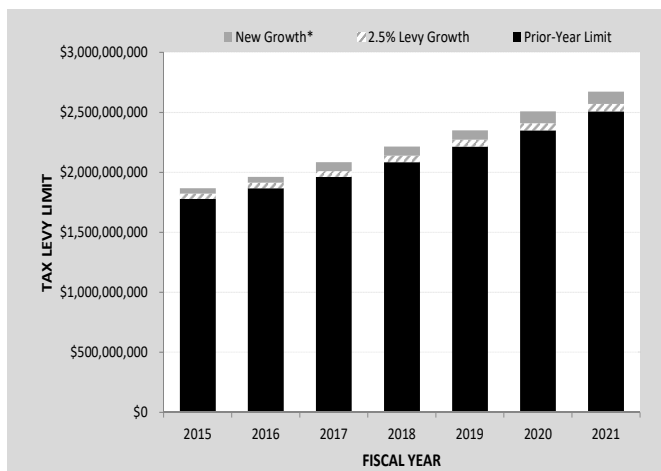


FIGURE 7: Tax Levy Limit, Fiscal Years 2015-2021



*New Growth includes amended growth from the prior fiscal year.

taxable property by the prior year’s tax rate for the appropriate class of property.

Fiscal Year 2021 Tax Levy

The Fiscal Year 2021 tax levy is \$2.675 billion, an increase of \$165.8 million (6.6%) over last year. Historical tax levy information is displayed in Figure 6. Of the levy growth, \$102.7 million is the result of new construction and properties being added to the tax base. \$0.6 million comes from the Amended FY 2020 Growth. An additional \$62.7 million is the 2.5% increase allowed under Proposition 2½. The levy limit trend from fiscal years 2015 to 2021 is displayed in Figure 7. Specific Levy Limit data (Prior-Year Limit, 2.5% growth, and new growth amounts) is provided in Appendix B.

Property Tax Bills

The City of Boston issues tax bills on a quarterly basis. Preliminary payments are due August 1 (first quarter) and November 1 (second quarter) of each year. The amount is equal to 50% of the prior year’s tax, divided into two equal payments. The preliminary tax is not an estimated tax bill for the new fiscal year; rather, as indicated on the tax bill, it is a preliminary amount based upon the

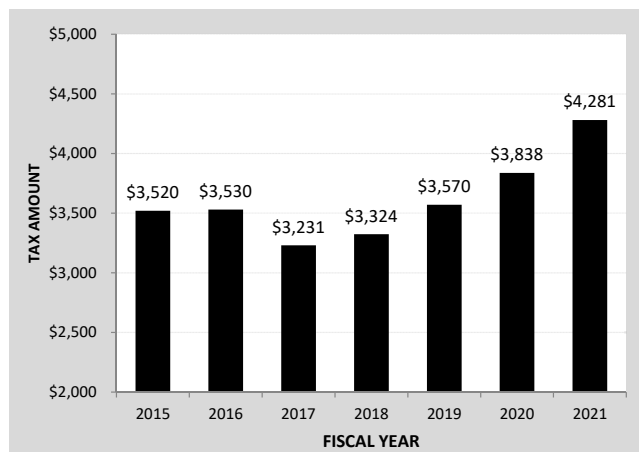
prior year’s tax.

The third quarter bill is issued in late December of each year and indicates the fair cash value assessment, the tax rate for the fiscal year, and the entire tax owed. Any exemption, for which a taxpayer has been approved, appears as a credit on this bill. The tax due, less the earlier preliminary payments and approved exemptions, is payable in two equal installments that are due on February 1 and May 1 of the tax year.

Average Single-Family Tax Bill

The average single-family tax bill for properties receiving the residential exemption increased by \$443, from \$3,838 last year to \$4,281 in Fiscal Year 2021. A comparison of average single-family tax bill amounts of properties with the residential exemption for fiscal years 2015 to 2021 is provided in Figure 8. Residential taxes in Boston remain extremely competitive compared to neighboring cities and towns (see Appendix C). The average single family tax bill in Boston is 32.8% below the Fiscal Year 2021 statewide average of \$6,375 (source: Massachusetts Department of Revenue statewide data, as of 3/9/2021, excluding communities with the residential exemption).

FIGURE 8: Avg. Single-Family Tax Bill, Fiscal Years 2015-2021



Community Preservation Act (CPA)

In November 2016, Boston voters approved the Community Preservation Act (CPA) by voting “yes” on Ballot Question 5. By adopting the CPA, the City has created a Community Preservation Fund. The City finances this fund in part by a 1% property tax-based surcharge on residential and business property tax bills that is used to initiatives including: affordable housing, historic preservation, open space, and public recreation. More information on specific projects funded by the CPA surcharge is available at boston.gov/cpa.

The CPA surcharge is calculated by first deducting \$100,000 from the value of a property. Next, the residential exemption and any personal exemptions are applied to the recalculated tax, or the “revised net tax.” The CPA surcharge is 1% of the revised net tax, divided over four quarterly tax bills. For first- and second-quarter tax bills, the CPA surcharge is estimated using the revised net tax from the prior year. A CPA surcharge exemption is available to low-income property owners and low-to-moderate income senior property owners.

Property Tax Relief

The City of Boston offers a number of property tax relief programs for qualified homeowners. These programs include the residential exemption, personal exemptions, and tax deferrals. Information on these programs appears below, and can also be found at boston.gov/assessing.

Residential Exemption

The residential exemption is a reduction in real estate taxes for those homeowners who occupy their property as their principal residence. Per Massachusetts General Laws Chapter 59, Section 5C, the residential exemption is a local option that must be adopted by “the board of selectmen or

mayor, with the approval of the city council, as the case may be.” In 2016, Mayor Walsh advocated for a change in state law that increased the residential exemption limit from 30% to 35% of the average assessed value of all Class One residential properties.

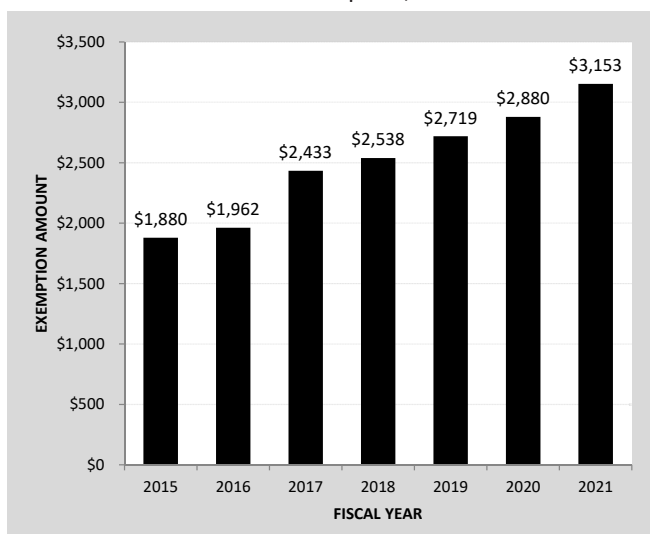
This year, the City Council, with the approval of the Mayor, once again chose the maximum exemption allowed by law. The Fiscal Year 2021 residential exemption amount increased by \$273.23 over last year’s amount, from \$2,879.79 to \$3,153.02. This residential exemption amount is equivalent to a property value reduction of \$295,503. See Figure 9 for residential exemption amounts for fiscal years 2015 to 2021.

To qualify, homeowners must own and occupy their property as their principal residence before the January 1 preceding the start of the fiscal year. In certain circumstances, homeowners may qualify if they first obtained their primary residence before July 1, 2020. The filing deadline for Fiscal Year 2021 is April 1, 2021.

Personal Exemptions

A personal exemption releases a taxpayer from an obligation to pay all or a portion of

FIGURE 9: Residential Exemption, Fiscal Years 2015-2021



the taxes assessed on a parcel of property, based on specific conditions. The City of Boston extends the maximum benefit allowed by law to those who qualify for the exemptions shown in Table 1 under Chapter 59, Section 5 of the Massachusetts General Laws.

Some notable personal exemption program information is described below:

National Guard Exemption. In 2011, the City of Boston implemented a new personal exemption program to offer tax relief to those homeowners that served overseas during the fiscal year as members of the National Guard or Military Reserve. Qualified applicants will be eligible for a 100% reduction in real estate taxes for the given year. The Boston City Council extended the National Guard exemption program for an additional period of two years through Fiscal Year 2021.

Elderly Exemption (41C). In 2020, the City Council increased the exemption amount for the 41C Elderly Exemption from \$750 to \$1,000 to provide additional relief to qualifying seniors. The City has adopted the local option amendment to the 41C to both reduce the eligibility age (from 70+ to 65+) and increase the income and asset limits.

The “Boston Bill.” Under the “Boston Bill”, Chapter 73 of the Acts of 1986, taxpayers who are eligible for certain personal exemptions may receive additional relief that can further reduce their tax bill. Recipients of the Elderly Exemption (41C), Blind Exemption (37A), Veterans Exemption (22-22E) or Surviving Spouse, Minor Child of Deceased Parent, Elderly Exemption (17D) may qualify for additional tax relief in an amount up to the amount of relief afforded by the specific personal exemption. For instance, a taxpayer who is eligible for the 41C Elderly Exemption and who will receive a reduction in their tax liability of \$1,000 may receive additional relief of up to \$1,000. Additional relief is not

TABLE 1: Personal Exemptions

Clause	Program
17D	Surviving Spouse; Minor Child of a Deceased Parent; Elderly Persons over the Age of 70
18	Hardship exemption
22-22E	Qualified Veteran homeowner with a service-connected disability during the time of war
37A	Homeowners who are legally blind
41C	Elderly homeowner over the age of 65 who meets certain financial requirements
42	Surviving Spouse of a Firefighter or Police Officer killed in the line of duty
43	Minor Child of a Firefighter or Police Officer killed in the line of duty
56	National Guard exemption

TABLE 2: Tax Deferral Programs

Clause	Program
18A	Tax Deferral for hardship caused by a change in active military status
41A	Tax Deferral for persons over the age of 65
Ch. 375 of the Acts of 2016	Tax Deferral for long-term homeowners (55+) with a net tax liability that is at least 10% greater than the prior year net liability

granted in cases where the relief amount reduces the tax bill to a level below the prior year’s tax bill. No exemption may lower the taxable value of the property below 10% of the assessed value.

The Fiscal Year 2021 filing deadline for all personal exemptions is April 1, 2021. For

more personal exemption information, please visit boston.gov/assessing.

Tax Deferral Programs

Taxpayers may consider participation in a tax deferral program if they are having difficulty affording their tax liability (Table 2). The City of Boston offers a few tax deferral programs to qualified applicants:

The *41A Tax Deferral* for seniors over the age of 65 allows qualified applicants to defer their real estate taxes until the taxes due, including accrued interest at a rate of 1%, equals 50% of the then assessed value of the property. The deferred taxes plus interest must be repaid when the property is sold or transferred, upon the death of the owner, or upon the death of a surviving spouse if he/she entered into a new deferral agreement with the City. City Council in 2020 reduced the interest rate from 4% to 1%.

The *18A Tax Deferral* allows taxpayers who are experiencing financial hardship as a result of a change to active military status to defer their taxes for no more than 3 fiscal years. The applicable rate of interest is 8% while a Tax Deferral & Recovery Agreement is in place and 14% once the Agreement is terminated.

The *Long Term Homeowner Tax Deferral* is a deferral program that the City implemented in FY17 for those long-tenured homeowners ages 55 and over whose net real estate tax liability (i.e. gross tax reduced by residential exemption and/or personal exemption) increased by 10% or more over the prior year, net real estate tax liability. Similar to the 41A Tax Deferral, the taxes may be deferred until the deferred taxes plus interest equal 50% of the then assessed value of the subject property. The repayment conditions and the income limit are the same as in the 41A Tax Deferral.

The Fiscal Year 2021 filing deadline for the tax deferrals is April 1, 2021.

Data Resources

Data on all Boston properties is available on the Assessing Department website boston.gov/assessing. For parcel-specific data and parcel maps, you may visit “Assessing Online” on the Assessing Department website where you can search for parcels using owner name, property address, or parcel identification number (PID).

PROPERTY TAX RECAP

Fiscal Years 2015-2021

	CLASS	TOTAL VALUE	VALUE PERCENT	TOTAL LEVY	LEVY PERCENT	TAX RATE	RESIDENTIAL EXEMPTION
FY21	RESIDENTIAL	\$127,136,166,756	66.7%	\$1,115,523,126	41.7%	\$10.67	\$3,153.02
	COMMERCIAL	54,632,351,855	28.7%	1,341,224,238	50.1%	24.55	
	INDUSTRIAL	1,251,386,403	0.7%	30,721,536	1.1%	24.55	
	PERSONAL	7,633,024,951	4.0%	187,390,762	7.0%	24.55	
	TOTAL	\$190,652,929,965		\$2,674,859,663			
FY20	RESIDENTIAL	\$115,818,106,832	65.7%	\$1,004,256,941	40.0%	\$10.56	\$2,879.79
	COMMERCIAL	51,958,596,980	29.5%	1,294,651,745	51.6%	24.92	
	INDUSTRIAL	1,153,868,704	0.7%	28,752,979	1.1%	24.92	
	PERSONAL	7,268,332,238	4.1%	181,105,385	7.2%	24.92	
	TOTAL	\$176,198,904,754		\$2,508,767,050			
FY19	RESIDENTIAL	\$107,628,598,330	65.4%	\$927,948,556	39.5%	\$10.54	\$2,719.09
	COMMERCIAL	49,035,301,302	29.8%	1,225,726,688	52.2%	25.00	
	INDUSTRIAL	1,206,341,032	0.7%	30,078,837	1.3%	25.00	
	PERSONAL	6,643,880,066	4.0%	166,077,476	7.1%	25.00	
	TOTAL	\$164,514,120,730		\$2,349,909,104			
FY18	RESIDENTIAL	\$99,885,328,404	64.9%	\$854,666,857	38.6%	\$10.48	\$2,538.47
	COMMERCIAL	46,615,297,303	30.3%	1,174,705,492	53.0%	25.20	
	INDUSTRIAL	1,187,339,230	0.8%	29,920,949	1.3%	25.20	
	PERSONAL	6,237,993,258	4.1%	157,197,430	7.1%	25.20	
	TOTAL	\$153,925,958,195		\$2,216,490,728			
FY17	RESIDENTIAL	\$93,462,190,788	64.9%	\$806,004,110	38.6%	\$10.59	\$2,432.91
	COMMERCIAL	43,571,093,612	30.3%	1,105,398,645	53.0%	25.37	
	INDUSTRIAL	1,103,888,116	0.8%	28,005,642	1.3%	25.37	
	PERSONAL	5,804,773,923	4.0%	147,267,114	7.1%	25.37	
	TOTAL	\$143,941,946,439		\$2,086,675,511			
FY16	RESIDENTIAL	\$83,719,422,425	65.4%	\$773,052,085	39.4%	\$11.00	\$1,961.58
	COMMERCIAL	38,031,832,832	29.7%	1,019,633,438	52.0%	26.81	
	INDUSTRIAL	908,352,119	0.7%	24,352,920	1.2%	26.81	
	PERSONAL	5,387,473,327	4.2%	144,438,160	7.4%	26.81	
	TOTAL	\$128,047,080,703		\$1,961,476,603			
FY15	RESIDENTIAL	\$72,346,068,366	65.3%	\$734,471,194	39.3%	\$12.11	\$1,879.53
	COMMERCIAL	32,451,521,456	29.3%	957,968,913	51.3%	29.52	
	INDUSTRIAL	785,061,568	0.7%	23,175,017	1.2%	29.52	
	PERSONAL	5,154,210,832	4.7%	152,152,304	8.1%	29.52	
	TOTAL	\$110,736,862,222		\$1,867,767,429			

Tax Levy Limit (\$ millions)
Fiscal Years 2015-2021

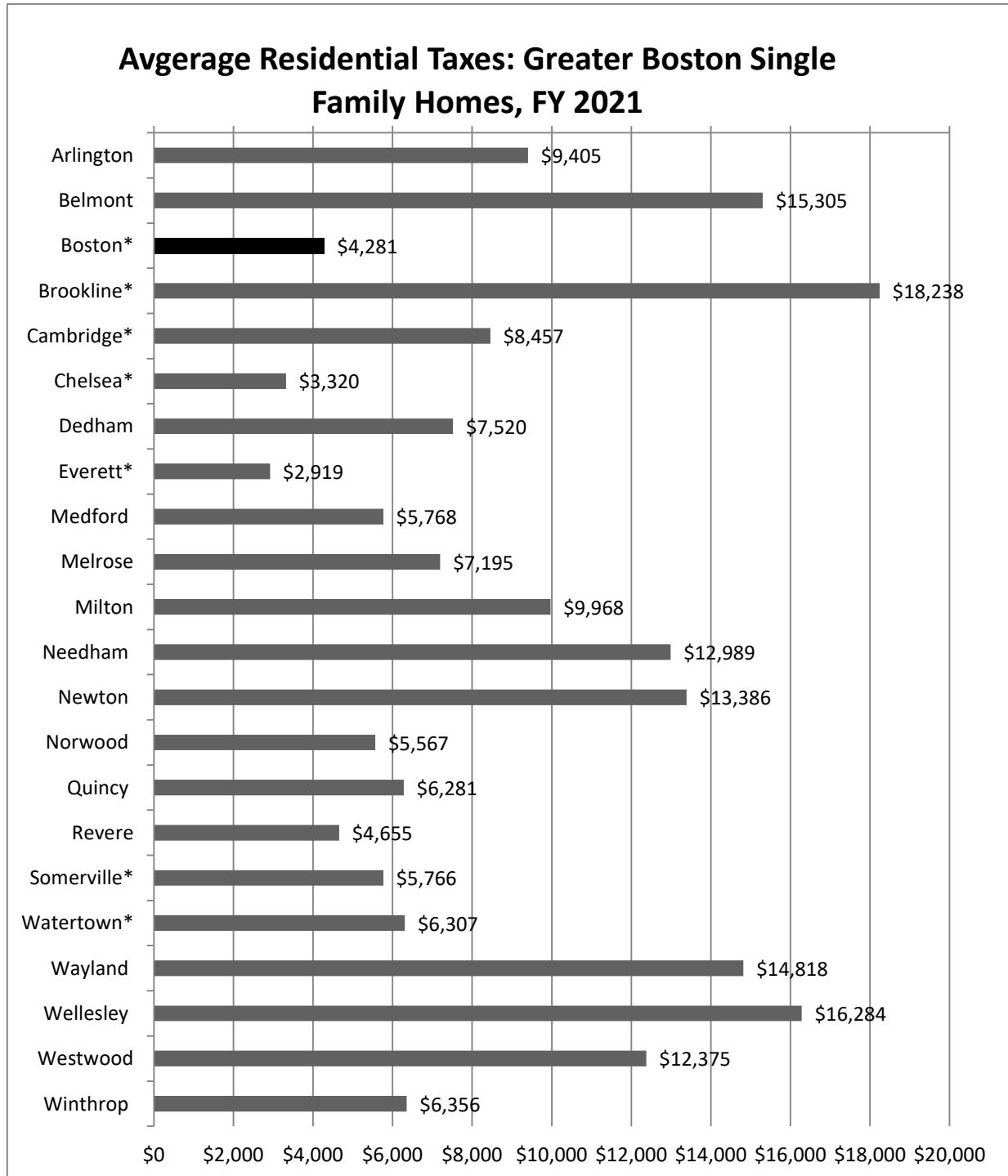
	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Prior-Year Limit	\$1,779.0	\$1,868.0	\$1,962.3	\$2,086.8	\$2,216.6	\$2,350.8	\$2,509.1
2½% Levy Growth	44.5	46.7	49.1	52.2	55.5	58.8	62.7
New Growth*	44.5	47.6	75.5	77.6	78.7	99.5	103.3
TOTAL	\$1,868.0	\$1,962.3	\$2,086.8	\$2,216.6	\$2,350.8	\$2,509.1	\$2,675.1

*New Growth includes amended growth from the prior fiscal year.

Average Residential Taxes: Greater Boston

Single-Family Homes, Fiscal Year 2021

Property taxes on single-family homes in Boston compare favorably to those in neighboring communities:



*Community offers a residential exemption to qualified taxpayers.