Property Tax Classification

- **Prior to 1961,** all communities taxed classes of property at a single rate, but many used differing assessment ratios (fraction of the market value) in determining the tax for the different classes

- **1961** SJC decision ruled that the different assessment ratios for different classes of real property were unconstitutional – all property must be assessed at 100 percent of fair market value. However, enforcement was left up to individual taxpayers bringing suit against a city or town

- **1974** In the Sudbury decision, SJC ruled that the still widespread practice of fractional assessment unjustly injured the taxpayers of communities that were assessing closer to full value, by decreasing their state aid distribution based upon state-determined equalized valuations. The court held that the state revenue commissioner had both the power and the duty to ensure that all communities assessed their properties at their full market value.

- **1978** constitutional amendment allowed four separate classes of real property to be rated and taxed differently, passing by 2-1margin. Initial enabling legislation set fixed percentages of value at which property in each class was to be taxed: open space, 25 percent; residential, 40 percent; commercial, 50 percent; and industrial; 55 percent.

- **1979** legislation established tax classification essentially as it now exists: four main classes of property (plus personal property) to be taxed at 100 percent of market value. Communities could elect to tax the different classes at different rates, with maximum shift to business of 50 percent and maximum shift from residential of 35 percent.

- **1988** In response to rising residential property values that were resulting in a significant shift of tax burden to homeowners in some communities, 1988 legislation:
  --changed the maximum shift ratios to 1.75 percent and 1.50 percent, respectively.
  --stipulated that residential share of total levy cannot be lower than it highest share since the community's values were first certified at full cash value

- **2004** In response to rising residential property values and decreasing C.I.P. values that were resulting in a significant shift of tax burden to homeowners in some communities, 2004 legislation:
  --changed the maximum shift to 200 percent for communities that had adopted a 1.75 Shift prior to 2004.
  --Any community that adopted the new law was required to reduce the shift to C.I.P. down to 1.70 percent over the next 5 years.

- **2005** The Town Of Burlington files legislation to freeze the Classification shift at 1.97 Percent and move all future shifts forward by one year. This Bill failed in the Senate.

- **2007** Legislature for the C.I.P. returned to the 1988 legislation to the maximum shift ratio of 1.75.