

I am often asked the question why are Sherborn's taxes and tax rate higher than Dover's.

I have used the most recent data available from the Department of Revenue (FY 2013) to prepare the following analysis, which will explain some key differences.

I was prompted by a resident to prepare this information and the Board of Assessors asked me to share it with all of you.

Why is Sherborn's tax rate (FY 2013 \$19.72) different than Dover's tax rate (FY 2013 \$12.80)?

Differences among the communities that directly affect the tax rate:

1. Zoning

One of the key differences between Dover and Sherborn is the zoning.

Sherborn: One-acre; two-acre and three-acre zoning

Dover: 1/2- acre; one-acre and two-acre zoning

For Dover this greatly increases the number of actual and available house lots and building potential within the community, where Sherborn's zoning **limits** the number of house lots, available land and building potential. This difference is clear in #2 & #3 below:

2. Number of single family homes

For Fiscal Year 2013

Sherborn: 1326 single family homes

Dover: 1770 single family homes

Dover has **444 more** single family homes than Sherborn.

What does this mean?

More property value in Dover which in turn reduces the overall tax rate

Tax Levy / Total Town Taxable Value = Tax Rate

Hypothetical example:

Change the zoning and add 444 houses to the Sherborn's single family housing stock at the current single family average of \$704,016

$$444 \times \$704,016 = \$312,583,104 = \text{assessed valuation}$$

Add this value to the overall town value and what does that do to the tax rate?

Sherborn's FY 2013 overall valuation total (actual) 1,085,743,601

$$\begin{array}{r} +444 \text{ new houses or } 312,583,104 \\ = 1,398,326,705 \end{array}$$

Divide the tax levy of 21,410,863 by our new valuation base and you have a tax rate of:

21,410,863/1398326705 = \$15.31 tax rate

This is just getting the single family home counts to be the same. Dover has more condos, more estate properties, building lots, etc.
Dover is bigger!

3. Population and Labor Force

Sherborn's population: 4119
Sherborn's Labor force: 1962

Dover's Population: 5589
Dover's Labor force: 2857

Dover has a higher population than Sherborn (36% more) and an even greater number of working people (51.1% of the population is in the Dover Labor Force and 47.6% of population is in the Sherborn Labor Force). More Dover residents contribute to the tax levy, either through real estate or personal property or excise taxes.

4. Total Town valuations

Sherborn's total town taxable valuation is 1,085,743,601 for fiscal year 2013

Dover's total town taxable valuation is 2,137,444,532 for fiscal year 2013

Dover's total town taxable valuation is more than **double** that of Sherborn's

What does this mean?

Dover has a larger denominator that makes the tax rate much smaller

Hypothetical Example:

Take Sherborn's tax levy of 21,410,863 and divide that by Dover's value 2,137,444,532

The result is a **\$10.02 tax rate**, if Sherborn had a total town taxable valuation base like Dover, it would have a tax rate LOWER than Dover's.

This is the most significant reason as to why Dover has a lower tax rate – they have a larger tax base, a larger denominator – simply Dover has more taxable value!

5. Revenue Collection – For Fiscal Year 2013

Sherborn:

Dover:

State Aid: \$1,014,839

State Aid: \$1,391,538

Local Receipts: \$1,055,488

Local Receipts: \$1,971,050

Other Available: \$1,352,899

Other Available: \$2,058,333

Total: \$3,423,226

Total: \$5,420,921

What does this mean?

The tax levy is reduced by these revenue sources, the greater the revenue sources the less that has to be raised by property taxes.

Hypothetical Example: Reduce Sherborn's budget by Dover's revenue:

24,834,090 Sherborn's budget

-5,420,921 Dover's Revenue

=19,413,169 = New Tax Levy

Using Sherborn's actual total taxable value of 1,085,743,601 the new tax rate would be reduced from \$19.72 to \$17.88 based only on the increased revenue.

However Sherborn is much smaller so add in the 444 new houses

Using the 444 new houses assessed at \$312,583,104

=1,398,326,705- becomes the new total town taxable valuation

19,413,169/1,398,326,705 = \$13.88 tax rate

6. Budget

Leaving other revenue sources out of it - What the voters have appropriated to spend for FY 2013:

Sherborn's overall budget: 24,834,090

Dover's overall budget: 32,780,211

Dover's budget is 32% greater than Sherborn's and their population is 36% greater.

Since the two towns share a Regional School, it makes sense that these budgets correlate to their population percentages. However the percentage of school children sent by both communities is very similar. Dover does not send 36% more children to the Region than Sherborn; in fact the two towns are usually closer to 50-50% split (FY 13 Sherborn 45.66% and Dover 54.34%). There are more taxpayers in Dover to share their part of the Region's budget. In other words if Dover sent significantly more students they would have to pay a greater share of the Region's budget.

In Conclusion: There are just more people and more homes and thus more value and more revenue in Dover than in Sherborn and all of these factors contribute to a lower tax rate in Dover.

One other item of interest:

Free Cash:

Sherborn's Free Cash on 7/1/11 \$854,791 Dover's Free Cash on 7/1/11 \$5,273,685

This significant amount of free cash allows Dover to use free cash the way it should be to purchase one-time items and not amortize them over 20 years. For example a \$500,000 land acquisition for either Town would be no problem for Dover since they have \$5,273,685 in free cash but for Sherborn that would significantly reduce their free cash position. Sherborn will continue to amortize debt and thus increase the tax levy.