Historical Levies and Residential Property Taxes

TABLE I
Actual Tax Levies and Residential Tax Bills

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Levy Limit	125,363,000	130,442,819	135,170,994	139,599,056	144,898,587	150,638,693	158,823,735	166,634,666	177,753,738	189,475,379	202,213,412
Actual Levy	117,995,525	128,050,000	133,580,000	139,414,021	144,445,748	144,441,845	148,070,000	154,295,557	159,000,006	164,000,000	178,500,000
Excess Levy Capacity	7,367,475	2,392,819	1,590,994	185,035	452,839	6,196,848	10,753,735	12,339,109	18,753,732	25,475,379	23,713,412
Residential Tax Rate	10.13	12.21	13.33	13.79	14.17	13.32	13.02	13.43	11.05	9.64	9.21
Residential Exemption	55,267	48,760	43,458	46,643	46,482	49,261	51,225	53,288	63,505	74,188	83,375
Tax Bill 100,000 Property	$ 453	$ 492	$ 552	$ 533	$ 555	$ 551	$ 525	$ 544	$ 509	$ 503	$ 536
Tax Bill 250,000 Property	$ 1,973	$ 2,122	$ 2,249	$ 2,297	$ 2,377	$ 2,363	$ 2,313	$ 2,434	$ 2,325	$ 2,330	$ 2,491
Tax Bill 500,000 Property	$ 4,505	$ 4,840	$ 5,078	$ 5,237	$ 5,412	$ 5,382	$ 5,292	$ 5,584	$ 5,352	$ 5,376	$ 5,750
Tax Bill 750,000 Property	$ 7,038	$ 7,557	$ 7,906	$ 8,177	$ 8,447	$ 8,401	$ 8,272	$ 8,734	$ 8,378	$ 8,421	$ 9,009
Average Tax Bill Increase		1.07	1.05	1.03	1.03	0.99	0.98	1.06	0.96	1.01	1.07

TABLE II
Revised Scenario Tax Levies and Residential Tax Bills with No New Growth

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Levy Limit	125,363,742	128,497,836	131,710,282	135,003,039	138,378,115	141,837,568	145,383,507	149,018,095	152,743,547	156,562,136	160,476,189
Actual Levy	117,995,525	128,050,000	131,710,282	135,003,039	138,378,115	141,837,568	145,383,507	149,018,095	152,743,547	156,562,136	160,476,189
Excess Levy Capacity	7,368,217	447,836	-	-	-	-	-	-	-	-	-
Residential Tax Rate	10.13	14.44	15.18	15.24	15.46	14.85	15.02	14.97	13.34	11.75	10.74
Residential Exemption	55,267	49,127	40,560	36,271	34,716	34,021	33,267	32,961	44,286	47,175	52,245
Tax Bill 100,000 Property	$ 453	$ 576	$ 673	$ 747	$ 788	$ 841	$ 875	$ 911	$ 871	$ 931	$ 959
Tax Bill 250,000 Property	$ 1,973	$ 2,504	$ 2,605	$ 2,697	$ 2,775	$ 2,860	$ 2,938	$ 3,017	$ 3,064	$ 3,158	$ 3,239
Tax Bill 500,000 Property	$ 4,505	$ 5,718	$ 5,826	$ 5,947	$ 6,087	$ 6,225	$ 6,375	$ 6,528	$ 6,718	$ 6,870	$ 7,040
Tax Bill 750,000 Property	$ 7,038	$ 8,932	$ 9,047	$ 9,198	$ 9,398	$ 9,590	$ 9,812	$ 10,039	$ 10,373	$ 10,582	$ 10,840
Average Tax Bill Increase		1.27	1.01	1.02	1.02	1.02	1.02	1.02	1.03	1.02	1.02

10 Year Projection of Levies and Taxes

TABLE III
Existing Conditions Scenario: Levy and Tax Projections

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2,011
Levy Limit	202,213,412	216,743,640	229,917,204	241,568,293	252,153,798	263,323,571	274,915,438	286,946,030	299,432,656	312,393,333	325,846,809
Actual Levy	178484965.9	191169957	203067107	216550356	229891522	241386098.1	253455403	266128173.2	279434581.8	293406310.9	308,076,626
Excess Levy Capacity	23728446.1	25573683.25	26850097.42	25017936.52	22262276.39	21937472.94	21460034.93	20817856.68	19998074.66	18987022.27	17,770,182
Residential Tax Rate	9.21	8.92	8.90	8.91	8.92	8.84	8.75	8.67	8.60	8.52	8.45
Residential Exemption	83,375	91,713	96,298	101,113	106,169	111,477	117,051	122,904	129,049	135,501	142,276
Tax Bill 250,000 Property	1,534.62	1,634.76	1,712.65	1,800.26	1,892.83	1,968.72	2,047.97	2,130.72	2,217.14	2,307.38	2,401.63
Tax Bill 500,000 Property	3,837.12	4,087.53	4,282.27	4,501.34	4,732.77	4,922.54	5,120.69	5,327.60	5,543.67	5,769.32	6,004.98
Tax Bill 750,000 Property	6,139.62	6,540.29	6,851.89	7,202.41	7,572.72	7,876.36	8,193.41	8,524.48	8,870.20	9,231.26	9,608.33
Tax Bill 1,000,000 Propert	8,442.12	8,993.05	9,421.52	9,903.48	10,412.67	10,830.18	11,266.13	11,721.36	12,196.74	12,693.19	13,211.68
Tax increase per year		1.07	1.05	1.05	1.05	1.04	1.04	1.04	1.04	1.04	1.04

TABLE IV
Existing Conditions Scenario: Levy and Tax Projections if No New Growth

Levy Limit	202,213,412	207,268,747	212,450,466	217,761,728	223,205,771	228,785,915	234,505,563	240,368,202	246,377,407	252,536,842	258,850,263
Actual Levy	178484965.9	191169957	203067107	216550356	223,205,771	228,785,915	234,505,563	240,368,202	246,377,407	252,536,842	258,850,263
Excess Levy Capacity	23728446.1	25573683.25	26850097.42	25017936.52	22262276.39	21937472.94	21460034.93	20817856.68	19998074.66	18987022.27	17,770,182
Residential Tax Rate	9.21	9.05	9.18	9.35	9.48	9.50	9.53	9.55	9.58	9.60	9.63
Residential Exemption	83,375	91,713	96,298	101,113	106,169	111,477	117,051	122,904	129,049	135,501	142,276
Tax Bill 250,000 Property	1,535.07	1,659.15	1,767.03	1,889.32	2,011.01	2,117.06	2,228.72	2,346.28	2,470.06	2,600.39	2,737.62
Tax Bill 500,000 Property	3,838.25	4,148.49	4,418.24	4,724.01	5,028.29	5,293.45	5,572.64	5,866.59	6,176.08	6,501.95	6,845.07
Tax Bill 750,000 Property	6,141.44	6,637.83	7,069.45	7,558.70	8,045.56	8,469.84	8,916.55	9,386.89	9,882.10	10,403.52	10,952.52
Tax Bill 1,000,000 Propert	8,444.62	9,127.17	9,720.65	10,393.39	11,062.84	11,646.23	12,260.47	12,907.19	13,588.12	14,305.08	15,059.97
		1.08	1.07	1.07	1.06	1.05	1.05	1.05	1.05	1.05	1.05

TABLE V

FISCAL YEAR	OUTSTANDING DEBT	INCREASED ANNUAL COST @ AA
91	$11,030,000	$22,060
92	$10,845,000	$21,690
93	$11,050,000	$22,100
94	$11,875,000	$23,750
95	$10,832,765	$21,665
96	$12,879,881	$25,759
97	$14,450,828	$28,901
98	$13,583,176	$27,166
99	$15,165,156	$30,330
00	$16,075,059	$32,150
		$225,571 TOTAL

TABLE VI

Project New Debt Issued 2001 to 2010 at AA

FISCAL YEAR	NEW DEBT OUTSTANDING	.2% INTERST INCREASE ANNUALLY
2001	$32,800,000	$65,600
2002	$72,300,000	$144,600
2003	$115,881,000	$231,762
2004	$146,012,000	$292,024
2005	$171,743,000	$343,486
2006	$171,199,000	$342,398
2007	$167,655,000	$335,310
2008	$164,111,000	$328,222
2009	$159,567,000	$319,134
2010	$154,023,000	$308,046
		$2,710,582 TOTAL

Total estimated additional cost at AA rating $2,710,582

17

cambridge 2000

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager *Richard C. Rossi, Deputy City Manager*

December 4, 2000

To The Honorable, The City Council:

In response to Awaiting Report Item No. 00-95, regarding a report on effects on residential taxes and City finances of certain taxation and budget strategies, please find a series of Tables which respond to questions raised in the Council order. Tables I and II illustrate what the differences in residential taxes and levy limits would have been had there been no new construction over the past 10 years. As can be seen in Table I the tax levy limit in the current fiscal year is $202,213,412 with an actual tax levy of $178,500,000, leaving an excess levy capacity of $23,713,412. Had there been no new construction over the last 10 years, the levy limit would currently be $160,476,189 and the actual tax levy has been assumed to be $160,476,189 leaving no excess levy capacity (Table II). Thus under a no new growth scenario over the last 10 years, the City would currently be raising $18,023,811 less in property taxes assuming no override votes.

Tables III and IV project tax levy, tax levy limit and residential taxes over the next 10 years assuming new construction growth (Table III) and no new construction growth (Table IV). Assuming continued growth in the levy limit due to new construction it is estimated that the tax levy limit in FY2011 will be $325,846,809, with the tax levy at $308,076,626, leaving an excess levy capacity of $17,770,182. With no increase in the levy limit due to new construction the levy limit would be $258,850,263 in FY2011 ($66,996,596 less than with new growth) and the levy would also be $258,850,263, assuming no voter override. The difference in the two projected levies is $49,226,363.

Tables I and II show that despite a tax levy that would be over $18,000,000 lower in FY2001 had there been no new construction, residential taxes would still be higher. Tables III and IV similarly point out that despite a lower tax levy as the result of no new construction, residential taxes would be higher in the future as a result of the lack of new construction.

The final question addressed concerns the financial impact of the City having an AA credit rating rather than an AAA. The question stated in the Council order attributes the possible reduction in the credit rating to a decrease in Free Cash. It should be pointed out that Free Cash is only one factor in determining credit ratings for the City. Had the City had a AA rating over the last 10 years, the total additional interest cost to the City is estimated to be $255,571 which represents an increase in interest charges of .2%. Over the next 10 years, the total additional cost to the City is estimated to be $2,710,582 with an increased interest charge of .2% as well. The estimated increase of interest rates by .2% is based upon an historical review of interest rates and municipal credits by the Delphis Hanover Corporation and are presented in Tables V and VI.

Very truly yours,

Robert W. Healy
City Manager

Attachment

795 Massachusetts Avenue, Cambridge, Massachusetts 02139 Voice: 617.349.4300 Fax: 617.349.4307 TTY: 617.349.4242 Web: www.ci.cambridge.ma.us

Consent AGenda Item #17 S 424

Communication from Robert W. Healy, City Manager, relative to Awaiting Report Item Number 00-95 regarding a report on effects on residential taxes and City finances of certain taxation and budget strategies.

S-424

In City Council December 4, 2000

Referred to the Finance Committee and Ordinance Committee for December 6th meeting.

Copy sent
12-6-00
mc