



Board of Assessors FY2018 Classification Meeting with the Select Board

November 13, 2017



Outline

- **Tax Rate Analysis for FY2018**
- **Recertification**
- **New Growth**
- **Total Taxable Value**
- **Tax Levy Calculation**
- **Tax Rate Calculation**
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 - **Residential Factor**
 - **Open Space Discount**
 - **Residential Exemption**
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Tax Rate Analysis for FY2018

TAX RATE ANALYSIS Fiscal Year 2018

Report of the Concord Board of Assessors

Jim Sommer, Chair
Christian Fisher, Vice Chair
Cynthia Rainey
Tom Matthews
Andrea Okie

To

Concord Select Board

For Public Hearing on November 13, 2017

- **Report distributed to the Select Board members**
- **Details:**
 - Assessed values
 - Tax levy
 - Tax Rate
 - BOA recommendations on classification



This is an Interim Year Adjustment

- **DOR requires recertification every 5**
 - **Fiscal 2018 is a Recertification year**
 - **Next Recertification year FY 2023**
 - **Interim year same process for Town**
 - **Review of values and growth by DOR**

Status

- **Fy 2018 Values Approved**
- **Fy 2018 Growth Approved**
- **Expect tax bills to go out with the approved rate and on time**



New Growth

- **Period: July 1, 2016 to June 30, 2017**
- **Residential: \$74,008,516 (Value) @ \$14.07/1,000 = \$1,041,300(Taxes)**
 - \$626,415 – Standard growth (New SFD, Additions)
 - \$344,329 – Condominiums (Forest Ridge and Black Horse Ln)
 - \$ 16,150 - Two and Three-Family's, Apartments
 - \$ 54,406 - Land and Mixed use
- **Commercial: \$5,183,219 @ \$14.07/1000 or \$72,928**
Industrial: \$5,047,424 @ \$14.07/1000 or \$71,017
Personal Property: \$9,671,970 @ \$14.07/1000 or \$136,085
- **Fiscal 2018 Total Growth: \$93,911,129 @ \$14.07/1000 or \$1,321,330**



Total Taxable Value

Class	FY2017 Valuation	FY2018 Valuation	Change	% Change
Residential	\$5,470,440,285	\$5,623,508,756	\$153,068,471	2.80%
Commercial/ Industrial/ P. Property	\$503,276,117	\$521,141,844	\$ 17,865,727	3.55%
Total	\$5,973,716,402	\$6,144,650,600	\$171,934,198	2.86%



Tax Levy Calculation

Item	Value
FY2017 Levy Limit	\$82,116,773
Amended growth FY 2017	\$ 0.00
Add...2 ½ allowed increase	\$ 2,052,919
Add...New growth	\$ 1,321,330
Total before any debt exclusion and override	\$85,491,022
Add...Debt exclusion	\$ 6,197,718
Add...Any override	0
Maximum permitted levy	\$91,688,740
FY2018 Property tax levy	\$87,807,057
Unused levy limit	\$ 3,881,683*

* Unused levy limit used in fiscal planning for future



Tax Rate Calculation

FY2017 Tax Rate was \$14.07

$$\frac{\text{FY2018 Property Tax Levy}}{\text{Town Taxable Valuation}} = \frac{\$87,807,057}{\$6,144,650,600} = 0.01429$$

or

\$14.29 per thousand dollars of assessed value

FY2018 Tax Rate is \$14.29



Classification Issue – Residential Factor

- **Setting residential factor = 1 provides uniform tax rate for all classes (Residential, Open space, Commercial, Industrial and Personal property)**
- **Setting residential factor not = 1 results in differential tax rate between the “R/O” group and the “C/I/P” group**
- **Concord has used a uniform rate since FY1998**
- **91% of Concord revenue comes from Residential, a slight reduction (savings) in the “R/O” group would put a large increase (burden) on the “C/I/P” group**

Recommendation:

The Board of Assessors supports a uniform tax rate for all classes, achieved by the adoption of a residential factor of “1.”



Classification Issue – Open Space Discount

- There are no parcels currently classified as open space
- Most large land owners participate in chapter land discounts under 61, 61A and 61B resulting in more savings than if they were designated as “Open Space”
- Under Chapter the discount ranges from 75% to 98%
- The open space discount has a maximum discount of 25%
- Excess land values only increased slightly to \$37,300/Acre further reducing the need for the OSD

Recommendation:

The Board of Assessors recommends that the Selectmen not adopt an open space discount.



Classification Issue – Residential Exemption

- **Redistribution of the tax levy among residential property owners**
- **“Exemption” is a misnomer since it is actually a tax shift among residential properties (upper portion of the tax base will have a higher tax bill, lower portion of the tax base will have a lesser tax bill)**
- **Tends to penalize low income renters because Apartment buildings would not qualify, would be in the upper half and pass the increase on to the tenants**
- **Most Advantageous in second-home communities**
- **Only 13 out of 351 communities in Massachusetts have adopted the exemption (9 inner city, 3 Cape, 1 south coast)**

Recommendation:

The Board of Assessors does not support adoption of a residential exemption.



Classification Issue – Small Commercial Exemption

- The intent of the exemption is to give a tax reduction to small commercial property owners at the expense of the larger commercial and industrial parcels
- The question of fairness arises since the legislation is based upon the assumption that the owners of higher valued properties are financially healthier than the owners of properties with lower values
- Detail analysis appears in the “Tax Rate Analysis” document

Recommendation:

The Board of Assessors does not support adoption of the small commercial exemption.



Summary

- **The Board of Assessors recommendation is to retain the Uniform Tax Rate (=1)**
- **It is deemed the fairest method of apportioning the tax bill in Concord – and because it is the only way to avoid unintended consequences that the Board deems to be damaging**
- **The Board of Assessors does not recommend adoption of the**
 - **Open Space Discount**
 - **Residential Exemption**
 - **Small Business Exemption**