

# **TAX RATE ANALYSIS**

## **Fiscal Year 2019**

### **Report of the Concord Board of Assessors**

Christian Fisher, Chair  
Cynthia Rainey  
Tom Matthews  
Andrea Okie  
Susan Livingston  
William Herring, Associate

**To**

**Concord Select Board**

For Public Hearing on December 3, 2018

## Table of Contents

	<u>Page</u>
Purpose.....	3
Recommendation .....	3
I. Total Assessed Values for Fiscal Year 2019 .....	3
A. Revaluation/Interim Year Adjustment .....	3
B. Abatements and Adjustments .....	4
C. New Growth .....	4
D. Change of Taxable Status.....	4
E. Total Taxable Value .....	5
II. Tax Levy.....	5
FY2019 Taxable Assessed Value.....	6
Comparative Detail FY16 and FY19.....	7
III. Tax Rate .....	8
A. Residential Factor .....	8
B. Open Space Discount .....	9
C. Residential Exemption .....	10
D. Small Commercial Exemption .....	11
Conclusion .....	12
Addendum 1: State Use Codes.....	14
Addendum 2: Assessment/Classification Report FY2019.....	15
Addendum 3: Comparative Tax Rates.....	16
Addendum 4: Senior Mean Tested Exemption Home Rule .....	18
Addendum 5: What If Scenarios .....	20
Addendum 6: Single Family Dwelling Value Breakdown .....	21
Addendum 7: Condominium Value Breakdown .....	22

## Purpose

The purpose of the public classification hearing is for the Select Board to determine the allocation of the local property tax to be borne by the four classes of real property plus personal property for Fiscal Year 2019. In deciding the allocation, the Select Board must adopt a residential factor, which is used to determine the percentage of the tax levy to apply to each class of real and personal property. The Board of Assessors applies these percentages to the individual property class (M.G.L. Chapter 40, section 56). The Select Board also can vote to adopt a factor for shifting the taxes among residential properties (residential exemption), among commercial properties (small commercial exemption), and between residential and open space properties (open space discount). It is the responsibility of the Assessors to provide the Select Board with all relevant information, and to discuss the fiscal effect of possible alternatives.

## Recommendation

The Board of Assessors recommends the Select Board take the following action in adopting the FY2018 factors:

1. Vote a "Residential Factor of ".99797."
2. Vote not to grant an Open Space discount.
3. Vote not to adopt a Residential Exemption.
4. Vote not to adopt a Small Commercial Exemption.

These recommendations result in a uniform tax rate of \$14.19, down .7% from the FY2018 rate. Total taxable value is up 4.92%. Net of new growth, the tax value on all other property will rise 1.41%.

The following is the report of the Board of Assessors to the Select Board.

### I. Total Assessed Values for Fiscal Year 2019

The Board of Assessors must determine the classification of all real property as of January 1, 2018, for FY2019, in accordance with the definitions set forth in M.G.L. Chapter 59, section 2A(b):

Class One	Residential
Class Two	Open Space
Class Three	Commercial
Class Four	Industrial

In addition, the value for all personal property, Class Five, must be determined. The classification, or use, codes are issued in accordance with the Department of Revenue, Bureau of Local Assessment guidelines. A listing of the State Use Classification Codes is attached in Addendum 1 and the total valuation report (LA-4) for FY2019 is attached in Addendum 2.

In FY2019, the town data and values have been affected by the following items:

#### A. Revaluation/Re-certification Adjustment

Per the Department of Revenue's guidelines, the assessing cycle requires that all parcels, exempt and taxable, be visited at least once every 10 years, that values be determined at market value every year, and that the Department of Revenue recertify values every five years. The last recertification year was FY2018, which means this year Fy 2019 is an interim year.

**B. Abatements and Adjustments**

In FY2018 Concord taxpayers filed 44 applications for abatement during the regular abatement period. The total number of abatements granted was 28. The dollar amount of abatements granted during the FY2018 abatement hearings totaled \$4,751,405 for both personal property and real estate, which is \$67,897.56 in tax dollars. The majority of abated taxes was attributed to small corrections in property listings and most resulted in permanent adjustments to the property data. There have been two FY2018 appeals filed with the Appellate Tax Board (ATB).

In order to meet the DOR’s cyclical inspection requirement, assessing staff seeks to conduct a complete inspection of a property regardless of the reason for the visit (building permit, sale, data verification, abatement application, or cyclical inspection, etc.). Every year there are many changes entered into the property records as a result of these inspections. Our records show that there were 907 inspections for FY2019, (just over 13.5% of all real estate parcels). Of these, 314 were full inspections, inside and out. These numbers do not include when a field review is done from the street, which can include one parcel or many. A field review was performed on all properties as part of the FY 2018 recertification program. A field review usually does not require entering the property and therefore does not meet the DOR’s standard in order to qualify as a cyclical inspection.

**C. New Growth**

The Annual Town Meeting in April of 2001 voted to accept a 1989 state statute that changes the new growth date from January 1<sup>st</sup> to June 30<sup>th</sup>. Thus, the valuation as a result of new construction or any other physical changes for FY2019 covers the time frame from July 1, 2017 to June 30, 2018.

The new growth represents, new houses, additions or changes to a property that result in added value to that property. The growth this year was slightly lower as compared to the prior year, primarily due to a decrease in the commercial and industrial permits. The growth included 33 new homes, 21 New condominiums, 66 major renovations and additions. Personal Property new growth is largely due to the addition of property on three accounts Comcast, Avention Inc., Prysm, Inc., and Welch Foods, Inc.

The growth relevant to FY2019 was distributed among the four classes of real estate and personal property as follows:

	<u>Value</u>	<u>Levy Limit Adjustment</u>	<u>% of Total New Growth</u>
Class One, Residential	\$73,455,800	\$1,049,683	84.93%
Class Two, Open Space	0	0	0
Class Three, Commercial	\$ 2,377,400	\$ 33,973	2.75%
Class Four, Industrial	\$ 2,100	\$ 30	0%
Personal Property	<u>\$ 10,655,520</u>	<u>\$ 152,267</u>	12.32 %
<b>TOTAL</b>	<b>\$ 86,490,820</b>	<b>\$ 1,235,953</b>	100.00%

**D. Change of Taxable Status**

From time to time a shift in tax burdens will occur due to a change of taxable status. This year 95 Manuel Drive and 1767 Lowell Road became exempt this year for a total loss in taxable value of \$613,500. There was no offset this year for exempt parcels becoming taxable.

## E. Total Taxable value

The total taxable value for FY2019 is \$6,447,033,517. A comparison of the Assessment Totals between FY2018 and FY2019 appears on pages 6 and 7. The total town valuation from FY18 to FY19 increases by 4.92%. The change in value by class varies from this total. The increase in the residential class is 5.33%, while the commercial/industrial and personal property increase is .46%. The new growth listed above is included in the totals, so the actual change is \$301,146,964 or 4.90%. Note that this represents the change in the market from Calendar 2016 to 2017 and represents a moderate change.

Overall, the Residential/Open Space (R/O) portion is 91.88% of the total value and the Commercial/Industrial/Personal Property (C/I/P) portion is 8.12%. These percentages are slightly higher for residential, but consistent with the last several years. The FY2009 portions, ten years earlier, were 90.70% and 8.30%.

## II. Tax Levy

At the April 2018 Annual Town Meeting, the taxpayers voted appropriations for the fiscal year July 1, 2018 through June 30, 2019. In addition, certain state assessments, deficits and the overlay must be added to determine the total budget amount. Monies to support this local spending are raised by the property tax levy, state aid, local receipts and other sources. The Maximum Permitted Levy is the total amount of money that can be raised through real and personal property taxes and is the largest source of revenue for the town. The Maximum Permitted Levy in FY 2019, including the debt exclusion, is \$95,339,078. The actual levy is \$91,289,995. The difference between the maximum permitted levy and the actual levy is called excess levy capacity. For FY 2018 the Unused Levy Limit is \$4,049,083. The Levy Limit is calculated as follows:

FY2018 Levy Limit	\$85,491,022
Fy 18 New Growth Adjustment ( <i>form LA-13a</i> )	\$ 0
2 ½% allowed increase	\$ 2,137,276
New Growth ( <i>form LA-13</i> )	<u>\$ 1,235,953</u>
TOTAL ( <i>before debt exclusion and override</i> )	\$88,864,251
DEBT EXCLUSION ( <i>Principal and interest due on debt authorized to be repaid from taxation above the levy limit</i> )	\$6,474,827
OVERRIDE	<u>0</u>
MAXIMUM PERMITTED LEVY	<u>\$95,339,078</u>
FY2019 PROPERTY TAX LEVY	\$91,289,995
Unused Levy Limit	\$ 4,049,083

Town of Concord									
Fy 2019 Taxable Assessed Value									
Assessment Date:		January 1, 2017	January 1, 2018						
Budget Year		7/1/17 - 6/30/18	7/1/18 - 6/30/19					Last Year	10 Years Ago
Class		FY18 Valuation	FY19 Valuation	\$ Change FY18-19	% Change FY18-19	FY19 % Share	FY18 % Share	FY09 % Share	
<b>Class 1</b>	Residential	\$5,623,508,756	\$5,923,488,031	\$299,979,275	5.33%	91.88%	91.52%	90.70%	
<b>Class 2</b>	Open Space	\$0	\$0	\$0	na	0.00%	0.00%	0%	
	<b>R/O Subtotal</b>	\$5,623,508,756	\$5,923,488,031	\$299,979,275	5.33%	91.88%	91.52%	90.70%	
<b>Class 3</b>	Commercial	\$444,876,674	\$448,415,526	\$3,538,852	0.80%	6.96%	7.24%	7.73%	
<b>Class 4</b>	Industrial	\$27,268,900	\$26,439,500	(\$829,400)	-3.04%	0.41%	0.44%	0.62%	
<b>Class 5</b>	Personal Property	\$48,996,270	\$48,690,460	(\$305,810)	-0.62%	0.76%	0.80%	0.95%	
	<b>C//P Subtotal</b>	\$521,141,844	\$523,545,486	\$2,403,642	0.46%	8.12%	8.48%	9.30%	
	<b>TOTAL</b>	<b>\$6,144,650,600</b>	<b>\$6,447,033,517</b>	<b>\$302,382,917</b>	<b>4.92%</b>				
<b>Class 9</b>	Exempt	\$879,882,300	\$889,054,300	\$9,172,000	1.04%				

<b>Fiscal 2018</b>				<b>Fiscal 2019</b>			
<b>Category</b>	<b>Assessed Value</b>	<b>Tax Rate</b>	<b>Tax Levy</b>	<b>Category</b>	<b>Assessed Value</b>	<b>Tax Rate (Proposed)</b>	<b>Tax Levy</b>
<b>Residential/Open Space (R/O):</b>				<b>Residential/Open Space (R/O):</b>			
Residential:				Residential:			
Single family	4,656,510,200	\$14.29	66,541,531	Single family	4,889,158,324	\$14.16	69,230,482
Condominiums	403,783,850	\$14.29	5,770,071	Condominiums	458,232,133	\$14.16	6,488,567
Miscellaneous	137,748,600	\$14.29	1,968,427	Miscellaneous	144,887,300	\$14.16	2,051,604
Multi-family	71,674,500	\$14.29	1,024,229	Multi-family	72,548,100	\$14.16	1,027,281
Apartments	193,258,800	\$14.29	2,761,668	Apartments	193,204,200	\$14.16	2,735,771
Vacant Land	45,087,840	\$14.29	644,305	Vacant Land	41,287,440	\$14.16	584,630
Mixed Use Residential	115,444,966	\$14.29	1,649,709	Mixed Use Residential	124,170,534	\$14.16	1,758,255
<b>Total RO:</b>	<b>5,623,508,756</b>		<b>80,359,940</b>	<b>Total RO:</b>	<b>5,923,488,031</b>		<b>83,876,591</b>
<b>Commercial/Industrial (CIP):</b>				<b>Commercial/Industrial (CIP):</b>			
Commercial:				Commercial:			
Retail , Office , Other	389,897,200	\$14.29	5,571,631	Retail , Office , Other	394,522,825	\$14.16	5,586,443
Chapter 61, 61A & 61B	12,119,240	\$14.29	173,184	Chapter 61, 61A & 61B	12,330,335	\$14.16	174,598
Mixed Use Commercial	42,860,234	\$14.29	612,473	Mixed Use Commercial	41,562,366	\$14.16	588,523
<b>subtotal:</b>	<b>444,876,674</b>		<b>6,357,288</b>	<b>subtotal:</b>	<b>448,415,526</b>		<b>6,349,564</b>
Industrial:				Industrial:			
Manuf., Processing, Warehouse	20,699,100	\$14.29	295,790	Manuf., Processing, Warehouse	20,824,400	\$14.16	294,874
Solar	6,569,800	\$14.29	93,882	Solar	5,615,100	\$14.16	79,510
<b>subtotal:</b>	<b>27,268,900</b>		<b>389,673</b>	<b>subtotal:</b>	<b>26,439,500</b>		<b>374,383</b>
<b>Personal property:</b>	<b>48,996,270</b>	<b>\$14.29</b>	<b>700,157</b>	<b>Personal property:</b>	<b>48,690,460</b>	<b>\$14.16</b>	<b>689,457</b>
<b>Total CIP:</b>	<b>521,141,844</b>		<b>7,447,117</b>	<b>Total CIP:</b>	<b>523,545,486</b>		<b>7,413,404</b>
<b>Total Town Value:</b>	<b>6,144,650,600</b>		<b>87,807,057</b>	<b>Total Town Value:</b>	<b>6,447,033,517</b>		<b>91,289,995</b>

## II. Tax Rate

The tax rate, in its simplest form, is the tax levy divided by the town's taxable valuation. This is called the *Uniform Tax Rate*. Under this rate each class of property pays a share of the tax levy *equal* to its share of the total town value. The calculation for the Town of Concord for FY 2019 is:

$$\$91,289,995 / \$6,447,033,517 = .01416$$

or

$$\$14.16 \text{ per thousand dollars of assessed valuation}$$

A tax rate history of both the Town of Concord and surrounding and/or comparable cities and towns is shown in Addendum 3. Of the 12 communities listed, 7 have split rates and 5 have a uniform rate. Despite the residential class advantage in a split rate town, the Town of Concord has repeatedly had the lowest or one of the lowest tax rates for both the Residential and the CIP classes. For FY2018 the town ranked the third lowest in the residential class and the lowest CIP rate in this group.

The Select Board has chosen to adopt a *Uniform Tax Rate* for the last 20 years. The Select Board must vote the percentages of the tax levy to be paid by each class of real property and by personal property each year (M.G.L. Chapter 40 section 56). In determining the percentages, the Select Board is actually adopting a residential factor.

### A. Residential Factor

The residential factor adopted by a community governs the percentage of the tax levy that is to be paid by the residential property owners. A residential factor of "1" will result in the taxation of all property at the same rate, the *Uniform Tax Rate*. The Uniform Tax Rate with a residential factor of "1" is calculated to be \$14.16. However, the law allows the Commercial/Industrial/Personal Property, C/I/P, tax rate for the Town of Concord to be as high as 50% above the uniform rate; and the Residential/Open Space, R/O, to be as low as 65% of the uniform rate. A lower residential factor would result in the residential class bearing a lower share of the total levy than its share of taxable assessed value.

#### **History of differential tax rates in Concord**

In 1982, the town had a uniform rate and the percentage shares were 18% for the C/I/P, and 82% for the R/O. In 1983, the C/I/P class began to decrease in value relative to the R/O class. The Select Board, at that time, decided to shift the tax burden to the C/I/P class in the interest of maintaining a stable percent balance between the R/O and C/I/P classes. The 1983 vote shifted the levy 9/10ths of a percent to the C/I/P class. The Select Board continued to shift the taxes until 1996, with the maximum shift of 22% occurring in FY 1991.

However, through the mid-1990's, the total value of the town became increasingly residential. With this residential growth, it was perceived that an increasingly severe shift of the tax levy share to CIP would be required in order to produce only a relatively small benefit to the residential class. Therefore, the Select Board decided to gradually reduce the tax shift, and in FY1997 eliminated this tax shift entirely. In each of the ensuing years, the Board of Assessors has recommended and the Select board has voted to adopt a uniform tax rate for the residential and CIP classes.

#### **Allowable tax shift for FY19**

As previously stated, a residential factor of 1 will result in the taxation of all property at the same rate. However, state law permits the town to adopt a residential factor of less than 1, which would have the effect of increasing the commercial, industrial, and personal property tax rates and decreasing the residential tax rate. The chart in Addendum 4 shows the range of allowable residential factor options available to the Select Board.

### Senior Means Tested Exemption

In 2015 the Select board created the Tax Fairness Committee, which eventually proposed a tax exemption for Seniors as a Home Rule Petition to the Commonwealth of Massachusetts Legislature in 2016 and was passed as Chapter 374 of the Acts of 2016. A copy can be found in the addenda. The article was ratified at the 2017 Town meeting article 48 and was put to a Town wide election. The Exemption became effective on July 8, 2017 and was put into use for fiscal 2019.

The Exemption is based on the Commonwealths Circuit Breaker Income tax program for Income, but uses Concord's median single family house value instead of the value set by the DOR. This expands the exemption to help seniors in homes up to a value of \$838,900. The exemption is funded by a tax shift on the residential class of property only.

The program for Fy 2019 will provide an exemption to 49 taxpayers and has a total reduction of \$191,413. This results in an increase to the residential rate of \$.03 or a full rate of \$14.19/ thousand. Given Concord's history of maintaining a single rate a slight shift in the Commercial/Industrial/Personal Property would be needed. This shift would provide all classes of property to have a single rate of \$14.19/thousand.

To maintain a single rate the Select Board would have to vote a Minimum Residential Factor of .999797 resulting in a shift to the Commercial/Industrial/Personal Property class of .25%.

### Recommendation of the Board of Assessors

**The Board of Assessors supports a uniform tax rate for all classes, achieved by the adoption of a residential factor of “.999797.”**

## **B. Open Space Discount**

Open Space is defined in M.G.L. Chapter 59, section 2A as:

...land which is not otherwise classified and which is not taxable under the provisions of chapters sixty-one, sixty-one A or sixty-one B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public. [Recently the law was changed to allow inclusion of chapter land.]

State law allows properties classified as Open Space to be taxed at a rate discounted up to 25% from the uniform tax rate. The tax dollars lost by the discount are shifted to the residential class of properties, which includes developable vacant land. The local Board of Assessors must develop the criteria that must be met in order to classify a parcel as Open Space that meets the “significant contribution” for the benefit and enjoyment of the public criteria. Previously Concord has interpreted “significant” as a size consideration, in addition to other factors including view, watershed, trail way, or green belt.

Only one community in Massachusetts grants an open space discount: Bedford. Boards of Assessors use this classification sparingly since most land fits into other classifications, and the open space classification, on its own, makes no difference in the assessment of a property. Assessors have also observed that as the years have passed, many of the land parcels afforded a tax discount were developed anyway, regardless of the tax incentive employed to encourage protection of open land and/or be a deterrent to development.

**Presently, there are no parcels classified by the Board of Assessors as Class 2 – Open Space.** During the past several years the Assessors have examined the valuation methodologies for land, including undeveloped land, and considered what might be an appropriate policy that Concord could adopt for open space. In particular, vacant land as well as undeveloped lots on a developed parcel were reviewed in detail. Current assessing practices in Concord do not use an aggressive approach to the valuation of undeveloped parcels by assuming that they could

be developed to the maximum potential. Valuing a parcel as excess land results in a more favorable property tax for the owner, rather than assessing it as buildable and then applying an open space discount. The Board of Assessors does not believe there is any advantage to classifying properties as Class 2 – Open Space. *Further the tax discount under the Chapter land program is far greater than afforded by the open space discount.*

**Recommendation of the Board of Assessors**

**The Board of Assessors recommends that the Select Board not adopt an open space discount since there are no parcels classified as Class 2.**

**C. Residential Exemption**

This mechanism provides for the redistribution of the tax levy among residential property owners, solely within the Residential Class (Class 1). “Exemption” is a misnomer since it is actually a tax shift among residential properties. It involves the following steps:

- Subtracting a standard dollar amount (a percentage of the average Class 1 value) from every qualifying owner-occupied residential parcel;
- Recalculating the Class 1 tax rate based on the new total of the Class 1 taxable value. The Class 1 tax levy must remain unchanged before and after this calculation.

This has the net result of shifting taxes from Class 1 parcels that are below the average value to parcels within the Class that are above the average. It also, however, results in substantially higher taxes on apartment and multi-family parcels that are not owner occupied, on vacant land parcels in the Class, and on any other residential property which is not owner occupied (including, in many instances, properties that are owned by a trust).

The selected percentage to calculate the standard qualifying assessed value reduction can be from 0 to 35%, but selecting a certain percent does not mean that everyone gets that exact percent tax reduction. This is because the tax rate for the Class must be raised. The impact of the exemption – who pays more and who pays less – is not conditioned upon the income status of the occupant. The manner in which the residential exemption works implies the presumption that all occupants of higher-valued properties also have higher incomes.

The average value of Class 1 is \$993,707 while the average single family home value is \$1,065,176. The exemption, however, would be calculated on the \$993,707 value. A 35% shift would be \$347,797 exemption in value. The Class 1, residential tax rate associated with 35% exemption would produce a class 1 tax rate of \$20.04 up, \$5.88 from the rate without the exemption. The break-even point where the rate increase and the exemption amount cross would be on a residential parcel (land and buildings) valued at \$1,185,000.

In FY2019 there are 5,961 Class 1 parcels. Based on a “guesstimate” of eligibility, we estimate there are 4,999 potentially eligible properties. To determine the precise number of principal residences would require extensive review of the census, voting, and utility records, car registrations and income tax returns. To implement this exemption, the taxpayers would file an application and include the above mentioned documents. Their principal residence, indicated by using the above listed documents, would determine their eligibility. Based on the assumed eligible number of parcels, at least 962 residential parcels would not qualify for the exemption and experience an increase in their taxes. If the property did not qualify the reduction of \$347,797 wouldn’t apply and in addition they would be taxed at the new rate of \$20.04. A \$400,000 house that did not qualify for the exemption would have an annual tax bill shift or increase of \$2,352.

In additional residential properties (those over the break-even point) would experience an increase. The following are examples of the increase.

Value	No Shift Tax	Shift Value	Shift Tax	Difference
\$1,185,000	\$16,779.60	\$837,203	\$16,780.05	\$00.045
\$1,504,636	\$21,305.64	\$1,156,838	\$23,186.51	\$1,880.87
\$2,007,942	\$28,432.46	\$1,660,145	\$33,274.29	\$4,841.83

This option is based on the assumption that a lower value property indicates an occupant with lower income and vice versa. In recent years the Board of Assessors has examined this provision in detail and has continued to recommend against its adoption. The FY2019 data does not indicate any change that would result in a different conclusion.

Only fourteen cities and towns in the Commonwealth use the residential exemption. Two communities joined in FY2006, Everett and Barnstable. Otherwise, this list hasn't changed in many years. In larger metropolitan communities, the large apartment population essentially funds the exemption (Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Marlborough, Somerville, Waltham, Watertown); in resort communities, the second home population funds the exemption (Barnstable, Truro, Nantucket, Tisbury); and in one community, the power plant funds over half of the total levy (Somerset). Thirteen of the fourteen communities also use the CIP tax shift essentially to the fullest degree they can, which means the commercial, industrial, and personal property classes are also called upon to reduce the Class 1 tax bill. (See "A. Residential Factor" above.)

Note: The above information was calculated on a single rate without the Senior Exemption Shift.

### **Recommendation of the Board of Assessors**

**The Board of Assessors does not support adoption of a residential exemption because its impact would be to raise taxes on a substantial number of residential parcels without regard to the fiscal circumstances of the occupants, while lowering taxes on a substantial number of residential parcels whose financial circumstances may not indicate a need for a discounted property tax. (See a report to the Concord Board of Assessors by Lynn Masson and Tony Logalbo on 10/13/05 and *The Residential Exemption* prepared by Jay E. Closser on 11/25/98) all available at:**

**[http://www.concordma.gov/Pages/ConcordMA\\_Assessor/FY18INFO](http://www.concordma.gov/Pages/ConcordMA_Assessor/FY18INFO)**

**Further, the Board notes the adverse consequences that would result for apartment buildings and multi-family units, which comprise a significant proportion of Concord's affordable housing stock.**

## **D. Small Commercial Exemption**

Under M.G.L. Chapter 59, section 5I, the Select Board may decide annually to exempt up to ten percent of the average value of Class Three(Commercial) The properties have to be occupied by businesses with an average annual employment of no more than ten people. The building value must have a valuation of less than \$1,000,000 and the property must be occupied by the eligible businesses as of the January 1 assessment date. The property need not be owned by the eligible business that has been approved as a small business by the DOR. If multiple commercial occupants occupy the building, all occupants must be eligible. The small commercial exemption is a reduction in the taxable valuation of the property applied by the assessors before setting the tax rate. Like the Residential Exemption discussed above, the consequence of the Commercial Exemption is to set a new Commercial Tax Rate higher than the Uniform Tax Rate of \$14.16. If adopted, it has the effect of reducing property taxes on certain commercial properties occupied by small businesses and shifting those taxes onto other commercial properties, many of which are likely also occupied by small businesses as either owners or leaseholders.

In FY 2019, the Town of Concord has 337 Class Three commercial properties with a total value of \$394,522,825 (excluding mixed use). There are approximately 83 parcels over \$1,000,000 and 1 vacant developable parcel. The majority of the remaining parcels are commercial condominiums that may or may not qualify. However, the businesses needs to apply to the DOR to be qualified as a small business. If this exemption were to be considered it would require several years notification, so that the businesses that could qualify would have time to be approved by the DOR. There are a limited number of communities that provide the small commercial exemption including: Auburn, Avon, Bellingham, Braintree, Dartmouth, New Ashford, Seekonk, Somerset, Westford and Wrentham.

The intent of the law is to give a tax reduction to small businesses at the expense of the larger commercial parcels. The question of fairness arises since the legislation is based upon the assumption that the owners of larger buildings are financially healthier than the owners of smaller buildings.

## **Recommendation of the Board of Assessors**

The Board of Assessors does not support adoption of the small commercial exemption (See *The Small Commercial Exemption* by Jay E. Closser, dated November 25, 1998). Also available at:

[http://www.concordma.gov/Pages/ConcordMA\\_Assessor/FY18INFO](http://www.concordma.gov/Pages/ConcordMA_Assessor/FY18INFO)

### **CONCLUSION**

**In conclusion, the Board of Assessors is unanimous in its recommendation to retain the Uniform Tax Rate of \$14.16/\$1,000 of valuation for FY19 with a Minimum Residential factor of .999797.**

**The Board of Assessors does not recommend adoption of the Open Space Discount, the Residential Exemption or the Small Business Exemption.**

## ADDENDA

## ADDENDUM #1

### State Use Code

#### Residences

101	Single Family
102	Condominium
103	Mobile Home
104	Two-Family
105	Three-Family
106	Accessory Land with Improvement
109	Multiple Houses on One Parcel

#### Apartments

111	Four to Eight Units
112	More Than Eight Units

#### Non-Transient Group Quarters

125	Other Congregate Housing
126	

#### Vacant Land in a Residential Zone or Accessory to Residential Parcel

130	Developable Land
131	Potentially Developable Land
132	Undevelopable Land

#### Other

140	Child Care Facility
-----	---------------------

#### Open Space

201-202	Open Land in Residential Area
210-211	Open Land in Rural Area
220-221	Open Land in Commercial Area

#### Commercial

300-393	Transient Group Quarters, Warehouse and Distribution Facilities, Retail, Office Buildings, Public Service and Recreational
---------	--

#### Industrial

400-452	Manufacturing, Utilities, Mining
---------	----------------------------------

#### Personal Property

501-552	
---------	--

#### Forest Land (CH 61), Agricultural/Horticultural (CH 61A),

##### Recreational CH 61B)

601	Forest Land
710-722	Agriculture/Horticulture Land
801-814	Recreational Land

#### Exempt

900-939	Government-owned, Educational, Charitable, Religious
---------	--

## ADENNDUM # 2

Jurisdiction  Fiscal Year

Property Type	Parcel Count	Class1 Residential	Class2 Open Space	Class3 Commercial	Class4 Industrial	Class5 Pers Prop
101	4,590	4,889,158,324				
102	865	458,232,133				
MISC 103,109	64	144,887,300				
104	104	70,858,200				
105	2	1,689,900				
111-125	27	193,204,200				
130-32,106	283	41,287,440				
200-231	0		0			
300-393	337			394,522,825		
400-442	27				20,824,400	
450-452	2				5,615,100	
CH 61 LAND	3 14		0	46,458		
CH 61A LAND	27 32		0	1,085,102		
CH 61B LAND	25 11		0	11,198,775		
012-043	26	124,170,534	0	41,562,366	0	
501	88					6,259,230
502	142					21,622,240
503	0					0
504	2					9,364,320
505	2					7,341,700
506	1					2,653,300
508	4					1,449,670
550-552	0					0
<b>TOTALS</b>	<b>6,678</b>	<b>5,923,488,031</b>	<b>0</b>	<b>448,415,526</b>	<b>26,439,500</b>	<b>48,690,460</b>
<b>Real and Personal Property Total Value</b>						<b>6,447,033,517</b>
<b>Exempt Parcel Count &amp; Value</b>					628	889,054,300

### Addenda # 3

#### Community Tax Rates

	FY12	FY13	FY 14	FY 15	FY16	FY17	FY18
--	------	------	-------	-------	------	------	------

<b>Concord</b>							
<b>Residential</b>	\$13.58	\$14.07	\$14.45	\$14.29	\$13.92	\$14.07	\$14.29
<b>CIP</b>	Uniform						
<b>Average Single Family Bill</b>	\$11,564	\$11,802	\$12,249	\$12,890	\$13,490	\$13,895	\$14,494

<b>Acton</b>							
<b>Residential</b>	\$18.55	\$19.10	\$19.45	\$19.05	\$19.23	\$19.06	\$19.38
<b>CIP</b>	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
<b>Average Single Family Bill</b>	\$9,259	\$9,650	\$9,832	\$10,128	\$10,382	\$10,696	\$10,974

<b>Andover</b>							
<b>Residential</b>	\$14.15	\$14.51	\$15.18	\$14.97	\$14.82	\$15.18	\$15.64
<b>CIP</b>	\$23.54	\$24.26	\$25.25	\$24.77	\$25.99	\$26.46	\$27.61
(uniform rate)	(\$16.01)	(\$16.45)	(\$17.18)	(\$16.90)	(\$16.93)	\$17.35	\$17.88
<b>Average Single Family Bill</b>	\$7,786	\$7,967	\$8,343	\$8,648	\$8,945	\$9,170	\$9,591

<b>Bedford</b>							
<b>Residential</b>	\$15.21	\$15.37	\$15.71	\$14.62	\$15.28	\$14.81	\$13.74
<b>Open Space</b>	\$11.40	\$11.55	\$11.78	\$10.94	\$11.47		
<b>CIP</b>	\$33.21	\$33.80	\$34.04	\$32.12	\$33.50	\$32.04	\$30.38
(uniform rate)	(\$18.98)	(\$19.31)	(\$19.45)	(\$18.36)	(\$19.15)	\$18.31	\$17.36
<b>Average Single Family Bill</b>	\$7,883	\$7,963	\$8,481	\$8,607	\$9,103	\$9,508	\$9,265

<b>Carlisle</b>							
<b>Residential</b>	\$17.14	\$17.68	\$18.64	\$19.00	\$17.20	\$17.62	\$18.17
<b>CIP</b>	Uniform						
<b>Average Single Family Bill</b>	\$11,900	\$11,960	\$12,732	\$13,127	\$13,588	\$14,062	\$14,701

<b>Chelmsford</b>							
<b>Residential</b>	\$17.49	\$17.95	\$18.98	\$18.70	\$18.03	\$17.92	\$17.96
<b>CIP</b>	Uniform						
<b>Average Single Family Bill</b>	\$5,653	\$5,799	\$6,119	\$6,329	\$6,540	\$6,912	\$7,175

<b>Lexington</b>							
<b>Residential</b>	\$14.97	\$15.20	\$15.51	\$14.86	\$14.60	\$14.49	\$14.30
<b>CIP</b>	\$28.45	\$28.97	\$29.56	\$29.10	\$28.40	\$28.13	\$27.69
(uniform rate)	(\$16.74)	(\$17.04)	(\$17.39)	(\$16.63)	(\$16.23)	\$16.07	\$15.82
<b>Average Single Family Bill</b>	\$10,441	\$10,906	\$11,481	\$12,191	\$12,955	\$13,506	\$14,169

**ADDENDUM #3**  
**(continued)**

Community Tax Rates	FY12	FY13	FY 14	FY 15	FY 16	FY 17	FY 17
---------------------	------	------	-------	-------	-------	-------	-------

<b>Lincoln</b>							
<b>Residential</b>	\$13.81	\$14.23	\$14.41	\$14.15	\$13.99	\$13.07	\$14.03
<b>CIP</b>	\$18.17	\$18.72	\$18.95	\$18.60	\$18.39	\$18.05	\$18.44
(uniform rate)	(\$13.98)	(\$14.40)	(\$14.58)	(\$14.31)	(\$14.15)	\$13.88	\$14.18
<b>Average Single Family Bill</b>	\$13,322	\$13,254	\$13,742	\$14,367	\$15,033	\$15,185	\$16,118

<b>Maynard</b>							
<b>Residential</b>	\$18.45	\$20.05	\$22.29	\$22.31	\$21.25	\$22.01	\$22.64
<b>CIP</b>	\$27.17	\$29.55	\$32.28	\$31.09	\$29.57	\$30.57	\$31.10
(uniform rate)	(\$19.54)	(\$21.26)	(\$23.56)	(\$23.38)	(\$22.23)	\$22.98	\$23.56
<b>Average Single Family Bill</b>	\$5,751	\$6,096	\$6,414	\$6,680	\$6,960	\$7,209	\$7,440

<b>Sudbury</b>							
<b>Residential</b>	\$17.60	\$17.99	\$18.03	\$17.60	\$17.80	\$17.74	\$17.93
<b>CIP</b>	\$22.95	\$23.52	\$24.94	\$24.88	\$25.11	\$25.01	\$24.30
(uniform rate)	(\$17.98)	(\$18.38)	(\$18.42)	(\$17.99)	(\$18.20)	\$18.12	\$18.27
<b>Average Single Family Bill</b>	\$10,937	\$11,205	\$11,544	\$11,598	\$12,082	\$12,520	\$13,033

<b>Wayland</b>							
<b>Residential</b>	\$19.01	\$17.89	\$18.33	\$18.39	\$17.34	\$18.14	\$18.03
<b>CIP</b>	Uniform						
<b>Average Single Family Bill</b>	\$11,274	\$10,529	\$10,974	\$12,049	\$11,730	\$12,529	\$12,906

<b>Westford</b>							
<b>Residential</b>	\$15.55	\$16.13	\$16.60	\$16.24	\$16.30	\$16.41	\$16.38
<b>CIP</b>	\$15.79	\$16.38	\$16.83	\$16.44	\$16.50	\$16.41	\$16.38
(uniform rate)	(\$15.55)*	(\$16.13)*	(\$16.60)*	(\$16.24)*	(\$16.30)*	\$16.41	\$16.38
<b>Average Single Family Bill</b>	\$6,901	\$7,097	\$7,312	\$7,543	\$7,797	\$8,054	\$8,420

# Chapter 374 – Acts of 2016

## AN ACT ESTABLISHING A SENIOR MEANS-TESTED PROPERTY TAX EXEMPTION IN THE TOWN OF CONCORD

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same as follows:*

SECTION 1. With respect to each qualifying parcel of real property classified as Class 1, residential, in the town of Concord there shall be an exemption from the property tax equal to the total amount of tax that would otherwise be assessed without this exemption less the sum of: (i) 10 per cent of the total annual qualifying income for purposes of the state circuit breaker income tax credit; and (ii) the amount of the state circuit breaker credit the applicant was eligible to receive in the year before the application being filed. The percentage of total annual qualifying income may be raised by section 3. Property taxes shall not be reduced by more than 50 per cent by this exemption. The exemption shall be applied to the domicile of the taxpayer only. For the purposes of this act, a "parcel" shall be a unit of real property as defined by the board of assessors under the deed for the property and shall include a condominium unit.

SECTION 2. The board of assessors may deny an application for the exemption in section 1 if the board finds that the applicant has excessive assets that place the applicant outside of the intended recipients of the senior exemption created by this act. Real property shall qualify for the exemption under section 1 if the following criteria are met:

- (i) the qualifying real property is owned and occupied by a person whose prior year's income would make the person eligible for the circuit breaker income tax credit under subsection (k) of section 6 of chapter 62 of the General Laws;
- (ii) the qualifying real property is owned by a single applicant who is 65 years of age or older at the close of the previous year or owned jointly if 1 of the joint applicants is 65 years of age or older at the close of the previous year and the other joint applicant is 60 years of age or older;
- (iii) the qualifying real property is owned and occupied by the applicant or joint applicants as their domicile;
- (iv) the applicant or not less than 1 of the joint applicants has been domiciled in the town of Concord for not less than 10 consecutive years before filing an application for the exemption;
- (v) the maximum assessed value of the domicile is not more than the town's median single-family residential assessed value of the prior fiscal year; and
- (vi) the board of assessors has approved the application for the exemption.

SECTION 3. The exemption under section 1 shall be in addition to any other exemption allowable under the General Laws, except that there shall be a dollar cap on the total exemptions granted pursuant to this act equal to 0.5 per cent of the fiscal year's total residential property tax levy for the town of Concord, including the levy for the regional high school if not included in the town's tax levy at some subsequent date with the total exemption amount granted pursuant to this act allocated proportionally within the tax levy on all residential taxpayers. After the first year of the exemption, the total cap on the exemptions granted pursuant to this act shall be set annually by the select board within a range of 0.5 to 1 per cent of the residential property tax levy for the town. If benefits to the applicants may be limited because the percentage established annually by the select board would otherwise be exceeded, the benefits shall be allocated by raising the total annual qualifying income percentage as required in section 1 as necessary to not exceed the cap. If the cap exceeds the need for the exemption, the total cap on the exemptions granted pursuant to this act shall be reduced to meet the need.

SECTION 4. A person who seeks to qualify for the exemption under section 1 shall, before the deadline established by the board of assessors, file an application, on a form to be adopted by the

board of assessors, with the supporting documentation of the applicant's income and assets as described in the application. The application shall be filed each year for which the applicant seeks the exemption.

SECTION 5. Acceptance of this act by the town of Concord shall be first by vote of approval at an annual town meeting, to be followed by an affirmative vote of a majority of the voters at any regular or special election at which the question of acceptance is placed on the ballot. Sections 1 to 4, inclusive, and sections 7 and 8 shall take effect 30 days after an affirmative vote by the town.

SECTION 6. This act may be revoked by an affirmative vote of a majority of the voters at any regular or special town election at which the question of revocation is placed on the ballot. Revocation of sections 1 to 4, inclusive, and sections 7 and 8 shall take effect 30 days after an affirmative vote of the town to revoke those sections.

SECTION 7. An exemption shall not be granted under this act until the department of revenue certifies a residential tax rate for the applicable tax year where the total exemption amount is raised by a burden shift within the residential tax levy.

SECTION 8. This act shall expire after 3 years of implementation of the exemption.

*Approved, January 6, 2017*

Note: This table should be used for planning purposes only. Actual calculations may differ slightly due to rounding

CLASS	VALUE	PERCENTAGE	
Residential	\$5,923,488,031	91.88%	R&O %
Open Space	\$0	0.00%	
Sub-Total Res, OS			91.8793%
Commercial	\$448,415,526	6.96%	
Industrial	\$26,439,500	0.41%	C.I.P.
Personal Property	\$48,690,460	0.76%	
Sub-Total Comm, Ind, PP			8.1207%
Total	\$6,447,033,517	100.00%	

**LEVY**

Estimated Levy \$91,289,995.00  
 Single Tax Rate \$14.1600

C.I.P. Shift	Res Factor	Share Percentages		Estimated Tax rates		% Shift	
		Res/OS	C.I.P.	Res/OS	C.I.P.	Res	C.I.P.
1	100	91.8793%	8.1207%	\$14.16	\$14.16	0.00%	0.00%
1.002	99.9823%	91.8630%	8.1370%	\$14.16	\$14.19	-	0.20%
1.0022	99.9806%	91.8614%	8.1386%	\$14.16	\$14.19	-	0.22%
1.00225	99.9801%	91.8610%	8.1390%	\$14.16	\$14.19	-	0.23%
1.00227	99.9799%	91.8608%	8.1392%	\$14.16	\$14.19	-	0.23%
1.00228	99.9798%	91.8608%	8.1392%	\$14.16	\$14.19	-	0.23%
1.00229	99.9798%	91.8607%	8.1393%	\$14.16	\$14.19243	-	0.23%
1.0023	99.9797%	91.8606%	8.1394%	\$14.16	\$14.19	-	0.23%

**ADDENDUM #6**

**FY 2019 SINGLE FAMILY RESIDENCE by VALUES – STATE USE CODE 101  
(Does not include mixed use 012 or multiple houses 109)  
Concord, Ma**

Average Assessment: \$1,065,176

Median Assessment: \$881,550

Addendum # 7

FY 2019 CONDO VALUES – STATE USE CODE 102  
(The figures include affordable units, but not separate garages)

Assessment

Average Assessment: \$529,748.

Median Assessment: \$454,450.