

LOCAL OPTION LOCAL INCOME TAX COMMITTEE



seated from left: John Mannheim, Nancy Cronin, Paul Horwitz, Reinier Beeuwkes. standing from left: Donato Bracco, Jonathan Keyes, Chair; Patrick Sinnott, Walter Birge

During the year the Committee examined the long range plans of many greater Boston area towns to see if there was any action proposed to deal with the problem of high residential real estate taxes. While most town plans recognized the problem, none (with the possible exception of Harvard) proposed any response. We had hoped to identify other citizen groups wrestling with this problem but we came up empty-handed.

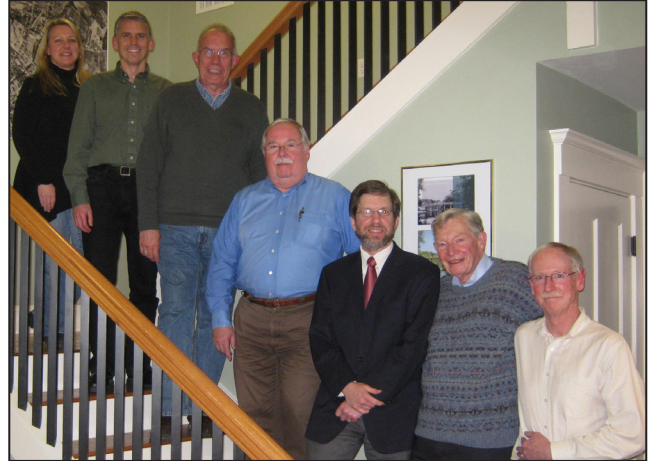
At the request of the Board of Selectmen, our State Representative, Cory Atkins, filed our local option local income tax bill which would allow cities and towns in the Commonwealth the option of replacing a portion of their property tax with a local income tax. This Committee had drafted the legislation on behalf of the Selectmen as a result of the 2010 Town Meeting vote. The bill, H 3375, will be “heard” by the Joint Committee on Revenue on March 8. The Selectmen have asked Governor Patrick to speak on its behalf.

Because it is not clear that the proposed bill is constitutional, the Selectmen asked Cory Atkins to request Jay Kaufman, Chair of Joint Committee on Revenue, to seek an advisory opinion from the State Supreme Judicial Court. In a letter to Ms. Atkins dated December 19, Mr. Kaufman explained why he was unable to do so.

Anticipating the possibility that our bill will not pass, the Committee has prepared a Warrant Article for the 2012 Town Meeting which would ask the Selectmen to request our State Representatives to file a “home rule” petition specifically for Concord. This legislation would have the same intent as H 3375 but might have

a better chance of passing; if it passes, it would keep the option open for further study by the Town, and possible deliberation on its merits at a future Town Meeting.

BOARD OF ASSESSORS



from left: Mary Sheppard & Jim Sommer Associates; William Bruce MacAlpine, William Jaros, Chair; David Karr, James Phelps, Barron Lambert

The Board of Assessors began 2011 by processing 158 abatement applications, completing all but five of them before the end of the Fiscal Year. The Board granted abatements in whole or in part for 49% of the applications.

The remainder of the year was devoted to the Fiscal Year 2012 triennial re-certification and revaluation program. Property valuations for FY12 tax purposes (the tax year beginning July 1, 2011) are based on a valuation date of January 1, 2011. Market value as of this valuation date is derived from the analysis of calendar year 2010 sales.

The Board of Assessors revalues all properties in the Town accordance with the State law requirement that property valuations must be at 100% of market value each year. The values are certified by the Massachusetts Department of Revenue (DOR) every three years, through on-site and intensive examination of the procedures and methodology being employed by the local Board of Assessors. In the intervening years, the local valuation process is the same, but State oversight consists of review and approval of required statistical analysis. DOR has certified Concord’s FY12 assessed values and found the procedures and methodology being employed by the Concord Board of Assessors to be in compliance with current DOR regulations and guidelines.

The major objective in any year is to update the various factors in the tables of the Computer Aided Mass Appraisal (CAMA) system. The CAMA system is used to calculate the assessed value for each property in order to adjust to the market value as indicated by sales data. DOR issues regulations that define how the statistical sales analysis must be done. There were 183 qualified sales in 2010, the required time frame required by DOR guidelines. A qualified sale is an open market transaction between a willing and educated buyer and seller. Types of sales not considered qualified by the DOR include those between family members or intra-corporation sales, those not exposed to the market, auction and foreclosure sales, those that involve more than one property and/or additional personal property, stressed sales (such as an estate sale, court settlement or as a result of a divorce), and where there has been a significant change after the sale before the sales analysis is done.

State law also requires that the median Assessment to Sales Ratio (ASR) fall within required parameters each year:

- a. The overall median must be within plus or minus ten percent of 100% of full and fair market value.
- b. The variances from the median for the subcategories within the sales stratifications - such as style, location, size - must be within plus or minus five percent of the overall median.

The overall median ASR is .95 for FY12. The DOR requires that buildings and land be valued separately and that land valuations must also be supported by the sales. In the absence of vacant land sales, a technique called "Land Residual" analysis is used. This analysis subtracts the building's value from the sales price, and then the assessed land value is divided by the residual amount for the land residual ASR.

For FY12 Concord's average Single Family Residence (SFR) is valued at \$851,550 (up 1.35% from FY11) and the median SFR is valued at \$677,900 (up 3%). The sales analysis of the 2010 sales indicated that property values remained fairly stable; therefore on average there was very little change in the property values in FY12 from FY11.

The FY12 final values are then used to establish the tax rate in order to meet the budget requirements as voted

at Town Meeting. Since there was a modest increase in the FY12 budget with little change in property values, the tax rate increased from \$13.19 to \$13.58 per thousand dollars of valuation as noted in the table on the following page.

New Growth

The value of new construction increases the levy limit. The new growth amount was slightly higher this year compared to last year due in large part to an increase in condominium and apartment construction. New single family dwelling starts and additions were down.

NEW GROWTH BY CLASS, FISCAL 2012

Property Class	Value	Levy Limit Adjustment	% of Total New Growth
Class One, Residential	\$55,078,514	\$726,486	84%
Class Three, Commercial	2,052,025	27,066	3%
Class Four, Industrial	0	0	0%
Personal Property	8,342,131	110,033	13%
TOTALS	\$65,472,670	\$863,585	

Classification Hearing

The Board of Assessors recommended to the Board of Selectmen that for FY12 it vote to adopt a Uniform Tax rate, not to grant an Open Space discount, not to adopt a Residential Exemption and not to adopt a Small Commercial Exemption. Since FY1998 the Board of Selectmen has adopted a uniform tax rate for all classes of property. A public hearing was held on November 14, and on November 21 the Board of Selectmen voted to adopt each of the BOA recommendations for FY12.

Statutory Exemptions

Tax exemptions are available by State statute to qualified homeowners who are disabled veterans, elderly (subject to certain income and asset limits) or blind. The State reimburses the Town for certain specified amounts. In recent years, the Town has voted to accept an optional State law to double the value of these exemptions, with the additional cost being borne by the Town. Beginning in FY10 several of these exemptions will now have a COLA adjustment as well, pursuant to votes at the 2009 Annual Town Meeting. Exemptions granted for FY11 and the related State exemptions are shown in the table at the bottom of the following page. Please note that unlike the other tables, which list FY12 figures, these figures are for FY11. The FY12 figures will not be available until late spring.

VALUATION, TAX RATES, AND TAX LEVY—FY2002 – 2012

Fiscal Year	Assessed Valuation	Tax Rate	Tax Levy	% Change Tax Levy	Tax Levy as % of Assessed Value
2002	\$3,974,434,046	9.83	\$39,068,687	11.9%	0.98%
2003	\$4,408,301,807	9.64	\$42,496,029	8.8%	0.96%
2004	\$4,411,852,520	10.59	\$46,721,518	9.9%	1.06%
2005	\$5,117,100,515	9.80	\$50,147,585	7.3%	0.98%
2006	\$5,207,535,371	10.23	\$53,273,087	6.2%	1.02%
2007	\$5,309,253,833	10.56	\$56,065,720	5.2%	1.06%
2008	\$5,498,736,316	10.72	\$58,946,453	5.1%	1.07%
2009	\$5,264,591,702	11.90	\$62,648,641	6.3%	1.19%
2010	\$5,026,552,229	13.09	\$65,797,569	5.0%	1.31%
2011	\$5,045,140,030	13.19	\$66,545,397	1.1%	1.32%
2012	\$5,090,058,629	13.58	\$69,122,996	3.9%	1.36%

Agricultural, Recreational and Forest Land

State law provides property tax relief designed to encourage the continuation of certain types of land use. These classifications carry strict application requirements. The law directs the valuation methods and procedural requirements, as well as how to calculate the payment of back taxes when land is withdrawn from these tax-favored classifications. The three categories are:

Chapter 61 - Forest Land refers to land of at least 10 contiguous acres held in a wooded state and subject to a management plan certified by the State Forester. Such land is valued at a specific acreage value set by the state.

Chapter 61A - Agricultural/Horticultural Land refers to land of at least 5 contiguous acres that is used to raise agricultural or horticultural products to be sold on the market. The State requires the Town to verify the income

requirements from the sale of the products. The State has also established specific acreage valuations which depend upon the product produced on the land.

Chapter 61B - Recreational Land refers to land of at least 5 contiguous acres that is retained in substantially a natural, wild or landscaped condition designed to preserve wildlife and natural resources. Included under this classification are golf courses, horse stables and riding areas, hunting and fishing areas, areas for target shooting, camps, and other picnic, swimming, boating and recreational areas.

FY2011 EXEMPTIONS GRANTED

Exemption Type	MGL Ch. 59, S.5, Clause	# Granted	Base Amount	Total Base	Actual Abated*	State Reimbrsmnt	Net Town Funds
Elderly & Surviving Spouse	17D	8	\$175	\$1,400	\$2,800	\$900	\$1,900
Veterans	22	59	400	23,600	47,200	13,275	33,925
Veterans	22A	2	750	1,500	3,000	1,150	1,850
Veterans	22D	2	0	0	10,436	10,436	0
Veterans	22E	3	1,000	3,000	6,000	2,475	3,525
Blind	37A	18	500	9,000	18,000	1,575	16,425
Elderly	41C	17	500	8,500	<u>17,000</u>	<u>8,534</u>	<u>8,466</u>
TOTALS					<u>\$104,436</u>	<u>\$38,345</u>	<u>\$66,091</u>

FY11 FOREST, AGRICULTURAL, AND RECREATION LAND – VALUES AND DISCOUNTS

Chapter	Class	# of Parcels	Market Value	Taxable Value	Exempted Value	Tax Bill Reduction
61	Forest Land	21	\$36,491,800	\$8,371,494	\$28,120,306	\$370,907
61A	Agricultural Land	58	124,560,700	43,445,941	81,114,759	1,069,904
61B	Recreation Land	<u>43</u>	<u>106,001,800</u>	<u>66,689,635</u>	<u>39,312,165</u>	<u>518,527</u>
	TOTALS	122	\$267,054,300	\$118,507,070	\$148,547,230	\$1,959,338

FY 2012 TAXABLE ASSESSED VALUE BY CLASS

Assessment Date	January 1, 2011	January 1, 2010				
Budget Year	7/1/2011- 6/30/2012	7/1/2010- 6/30/2011				
Class	FY2012 Valuation	FY2011 Valuation	\$ Change FY 2011-2012	FY 2012 % Share	FY 2011 % Share	10 Yrs. Ago % Share
Residential	\$4,615,451,797	\$4,569,997,261	\$45,454,536	90.68%	90.58%	89.12%
Open Space	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.16%</u>
Subtotal	<u>\$4,615,451,797</u>	<u>\$4,569,997,261</u>	<u>\$45,454,536</u>	<u>90.68%</u>	<u>90.58%</u>	<u>89.12%</u>
Commercial	\$392,887,960	\$389,745,023	\$3,142,937	7.72%	7.73%	7.65%
Industrial	\$28,958,300	\$29,897,900	\$(939,600)	0.57%	0.59%	1.99%
Personal Property	<u>\$52,760,572</u>	<u>\$55,499,846</u>	<u>\$4,339,833</u>	<u>1.04%</u>	<u>1.10%</u>	<u>1.24%</u>
Subtotal	<u>\$474,606,832</u>	<u>\$475,142,769</u>	<u>\$535,937</u>	<u>9.32%</u>	<u>9.42%</u>	<u>10.88%</u>
TOTAL	\$5,090,058,629	\$5,045,140,030	\$44,918,599			

ASSESSED VALUATION, LEVY LIMIT, TAX LEVY AND RATES: FY 1980-2012

Fiscal Year	Total Assessed Value	Absolute Levy Limit	Annual Levy Limit	Actual Levy		Uniform Tax Rate	Actual Tax Rates			Unused Levy Limit \$	Unused Levy Limit as % of Limit
				Within Limit	Debt Exclusion		Residential	Open Space	Commercial		
1980	\$371,034,400			\$13,060,411		\$35.20					
1981	\$383,133,677			\$15,248,720		\$39.80					
1982	\$644,119,237	\$16,102,981	\$15,629,937	\$15,093,532		\$23.43	23.60	20.06	23.43	\$536,405	3.43%
1983	\$651,122,529	\$16,278,063	\$16,214,000	\$15,342,973		\$23.56	23.66	19.99	23.78	\$871,027	5.37%
1984	\$784,563,443	\$19,614,086	\$17,006,633	\$15,465,780		\$19.71	19.25	16.36	22.63	\$1,540,853	9.06%
1985	\$801,293,191	\$20,032,330	\$17,780,870	\$15,648,020		\$19.53	19.13	16.26	22.00	\$2,132,850	12.00%
1986	\$822,949,238	\$20,573,731	\$18,605,674	\$16,125,650		\$19.59	19.25	16.36	21.71	\$2,480,024	13.33%
1987	\$1,464,903,743	\$36,622,594	\$19,600,366	\$17,296,129		\$11.81	11.47	9.75	13.95	\$2,304,237	11.76%
1988	\$1,510,487,280	\$37,762,182	\$20,651,135	\$18,392,726		\$12.18	11.89	10.11	14.04	\$2,258,409	10.94%
1989	\$1,547,164,362	\$38,679,109	\$21,574,623	\$19,908,672		\$12.87	12.61	10.72	14.60	\$1,665,951	7.72%
1990	\$2,188,108,438	\$54,702,711	\$22,609,017	\$21,603,000		\$9.87	9.72	8.27	10.82	\$1,006,017	4.45%
1991	\$2,185,289,176	\$54,632,229	\$23,486,987	\$23,083,329		\$10.56	10.21	8.68	12.87	\$403,658	1.72%
1992	\$1,863,767,794	\$46,594,195	\$24,325,878	\$24,324,345		\$13.05	12.62	10.73	15.91	\$1,533	0.01%
1993	\$1,831,121,461	\$45,778,037	\$25,229,582	\$24,770,829		\$13.53	13.27	11.28	15.57	\$458,753	1.82%
1994	\$1,842,884,146	\$46,072,104	\$26,148,398	\$25,639,506	\$435,498	\$14.15	13.98	11.89	15.57	\$508,892	1.95%
1995	\$1,853,888,132	\$46,347,203	\$27,110,678	\$26,562,285	\$504,753	\$14.60	14.49	12.32	15.62	\$548,393	2.02%
1996	\$2,246,615,332	\$56,165,383	\$28,513,798	\$27,531,054	\$279,059	\$12.40	12.42	10.56	12.40	\$982,744	3.45%
1997	\$2,273,535,628	\$56,838,391	\$29,574,375	\$28,652,539	\$544,685	\$12.84	12.86	10.93	12.84	\$921,836	3.12%
1998	\$2,288,809,124	\$57,220,228	\$30,582,585	\$29,804,080	\$545,529	\$13.26	-----	all @ 13.26	-----	\$778,505	2.55%
1999	\$2,704,003,171	\$67,600,079	\$32,061,277	\$31,406,074	\$772,688	\$11.90	-----	all @ 11.90	-----	\$655,203	2.04%
2000	\$2,742,122,055	\$68,553,051	\$33,421,403	\$32,453,928	\$725,749	\$12.10	-----	all @ 12.10	-----	\$967,475	2.89%
2001	\$2,783,643,972	\$69,591,099	\$34,827,754	\$34,225,525	\$681,370	\$12.54	-----	all @ 12.54	-----	\$602,229	1.73%
2002	\$3,974,434,046	\$99,360,851	\$38,958,156	\$38,226,458	\$842,228	\$9.83	-----	-----	-----	\$731,698	1.88%
2003	\$4,408,301,807	\$110,207,545	\$42,171,555	\$41,782,825	\$713,204	\$9.64	-----	-----	-----	\$388,730	0.92%
2004	\$4,411,852,520	\$110,296,313	\$45,336,664	\$45,161,214	\$1,560,304	\$10.59	-----	-----	-----	\$175,450	0.39%
2005	\$5,117,100,515	\$127,927,513	\$48,886,984	\$48,293,261	\$1,854,324	\$9.80	-----	-----	-----	\$593,723	1.21%
2006	\$5,207,535,371	\$130,188,384	\$51,679,906	\$50,786,544	\$2,486,543	\$10.23	-----	-----	-----	\$893,362	1.73%
2007	\$5,309,253,831	\$132,731,346	\$54,523,353	\$53,363,359	\$2,702,361	\$10.56	-----	-----	-----	\$1,159,994	2.13%
2008	\$5,498,736,316	\$137,468,408	\$57,254,951	\$55,919,464	\$3,026,989	\$10.72	-----	-----	-----	\$1,335,487	2.33%
2009	\$5,264,591,702	\$131,614,793	\$59,634,076	\$58,717,305	\$3,931,336	\$11.90	-----	-----	-----	\$916,771	1.54%
2010	\$5,026,552,229	\$125,663,806	\$62,197,127	\$61,284,932	\$4,512,636	\$13.09	-----	-----	-----	\$912,195	1.47%
2011	\$5,045,140,030	\$126,128,501	\$64,569,355	\$62,529,967	\$4,015,430	\$13.19	-----	-----	-----	\$2,039,388	3.16%
2012	\$5,090,058,629	\$127,251,466	\$67,047,174	\$65,053,133	\$4,069,863	\$13.58	-----	-----	-----	\$1,994,044	2.97%