

LOCAL OPTION LOCAL INCOME TAX COMMITTEE



Standing from left: Reinier Beeuwkes, Paul Horwitz, John Mannheim, Patrick Sinnott; Seated from left: Donato Barcco, Jonathan Keyes, Chair; Nancy Cronin

The LOLIT Committee's 2010 work culminated in the passage of Article 33 at Town Meeting. Article 33 requested the Board of Selectmen to ask State Representatives to file and seek passage by the General Court of legislation to give cities and towns the choice of adopting a local income tax on residents, the proceeds of which would be applied solely to reduce the local residential property tax. The vote in favor of Article 33 in no way indicated that the Town would adopt a local income tax, but simply meant that Town Meeting felt that this option should be available to local communities statewide. In mid-May the Selectmen sent Senator Fargo and Representative Atkins a letter informing them of this Town Meeting action and advising them that the request for filing the legislation would follow in the autumn with an initial draft of the proposed legislation. The committee then completed the draft legislation and sent it to the Selectmen. In mid-November the Selectmen sent the draft bill to our legislators with a request to file it on behalf of the Town of Concord.

The Committee is well aware that a single bill filed by the Town of Concord to make a major change in State taxation law has no chance of passing. Questions about its constitutionality would also affect its passage. But it is a beginning.

The passage of such legislation will require a groundswell of support from other communities requesting similar

action by the State legislature. That is the strategy the committee is now pursuing – to contact other communities to persuade them of the importance of this concept, and to assist them in making their own formal requests to their legislators; and educating other organizations, the General Court, and the public at large. The Committee is aware that this is only the start of a long term project but is grateful that Town Meeting has allowed a beginning to be made.

For further information about the committee and this issue go to: [concordma.gov/boards and committees/local option local income tax committee](http://concordma.gov/boards_and_committees/local_option_local_income_tax_committee).

BOARD OF ASSESSORS



Rear from left: James Phelps, Tory Lambert, Mark Engerman, Wm. Bruce MacAlpine; Front from left: Bill Jaros, David Karr, Lynn Masson, Assessor; Jim Sommer

The Board of Assessors began 2010 by processing 144 abatement applications, completing all but one of them before the end of the Fiscal Year. The Board granted an abatement in whole or in part for 55% of the applications. \$140,792 was abated, 0.21% of the tax levy, representing valuation adjustments of \$10.8 million on an assessed valuation base of \$5.045 Billion.

The remainder of the year was devoted to the Fiscal Year 2011 Interim Year Adjustment valuation based upon Calendar Year 2009 sales (a January 1, 2010 valuation date for the assessment of taxes in the fiscal year beginning July 1, 2010). The board met twice a month for most of the year.

The major objective in an Interim Year is to update the various factors in the tables in the Computer Assisted Mass Appraisal (CAMA) system used in the model. These factors are then applied to calculate the assessed value for each property in order to adjust values to the full and fair market value annually as indicated by sales data. The Department of Revenue (DOR) establishes regulations that define how the statistical sales analysis must be done. There were 122 qualified sales of single family residences in 2009. A qualified sale is an open market transaction between willing and educated buyers and sellers. Types of sales not considered qualified, according to the DOR rules, 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 can be done (such as an immediate demolition).

State law also requires that the median Assessment to Sales Ratio (ASR) resulting from applying the valuation model to actual sales must fall within certain parameters:

- The overall median price set by the model must be within plus or minus ten percent of 100% of full and fair market value as established by the actual sales result (the overall median ASR is .95 for Fiscal Year 2011);
- The variances from the median for the subcategories within the sales stratifications (such as size, style, location) must be within plus or minus five percent of the overall median for the category.

The DOR requires that buildings and land be valued separately and that land valuations must also be supported by the sales. Since Concord has a limited number of vacant land sales from which to discern the market, a well-established assessing methodology known as “Land Residual” analysis is used. This analysis starts with the sales price of the improved parcel (land and buildings) and then subtracts the assessed building value (as set by the model) leaving an imputed sales price for the land only. The sales price attributable to the land is then analyzed using the same statistical methods and criteria employed for the improved parcel. Data derived from this analysis is then used to adjust

the CAMA system tables and arrive at land valuation town-wide.

For FY 2011 Concord’s average Single Family Residence (SFR) is valued at \$840,225 and the median SFR is valued at \$657,750. The sales analysis of the 2009 sales indicated that property values remained fairly stable; therefore on average there was very little change in the property values in FY2011 from FY2010.

In an effort to meet the DOR requirement that any and all property elements used to determine the final value be fully supported by market activity, the Board of Assessors thoroughly examined factors that had been individually applied to various properties. Most of these factors have now been totally removed so that property values are uniformly the result of the computer-assisted mass appraisal (CAMA) system tables without different or unique modifiers, unless there is evidence for their application in relevant sales activity.

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 FY11 budget with little change in property values, the tax rate increased by one-tenth of 1%, from \$13.09 to \$13.19 per thousand dollars (or, from 1.309% of value to 1.319% of value. While the overall tax levy needed to support the FY11 town budget was up 1.1%, all of this increase was realized from new construction valuation, referred to as “new growth”.

New Growth

The value of new construction increases the levy limit. The new growth amount was lower this year compared to recent years due in large part to New England Deaconess having completed the final phase of its expansion project in the prior year. The new growth due to construction in the SFR sector continued at a strong rate with 26 newly completed single family home sites, including 1 affordable unit, compared to 29 new single family homes the year before. Eleven new condominiums were added, 7 of which were affordable units. Another approximately 300 properties experienced renovative construction.

NEW GROWTH BY CLASS, FISCAL 2011

Property Class	Value	Levy Limit Adjustment	% of Total
Class One, Residential	\$54,620,943	\$714,988	88%
Class Three, Commercial	1,971,460	25,806	3%
Class Four, Industrial	0	0	0%
Personal Property	5,844,652	76,506	9%
TOTALS	\$62,437,055	\$817,300	

Classification Hearing

The Board of Assessors recommended to the Board of Selectmen that for FY 2011 they 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 FY 1998, the Board of Selectmen has adopted a Uniform Tax Rate for all classes of property. A public hearing was held on November 15, 2010, at which the Board of Selectmen voted to adopt each of the BOA recommendations for FY 2011 and to set the FY11 uniform tax rate at \$13.19.

VALUATION, TAX RATES, AND TAX LEVY—FY2002 - 2011

Fiscal Year	Assessed Valuation	Tax Rate	Tax Levy	% Change 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%

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 FY 2010 several of these exemptions will now have a COLA adjustment. Exemptions granted for FY 2010 and the related State exemptions are shown in the following table:

FY2010 EXEMPTIONS GRANTED

FY10 EXEMPTIONS GRANTED

Exemption Type	Clause MGL Ch.59, S.5	## Granted	Base Amount	Total Base	Actual Abated*	State Rmbmt	Net Town Funds
Veterans	22	64	400	\$25,600	\$ 50,800	\$14,400	\$36,400
Veterans	22A	2	750	1,500	3,000	1,150	1,850
Veterans	22E	4	1,000	4,000	8,000	3,300	4,700
Elderly & Surviving Spouse	17D	11	175	1,925	3,850	900	2,950
Elderly	41C	23	500	11,500	22,000	11,546	10,454
Blind	37A	14	500	7,000	14,000	1,225	12,775
TOTALS					\$101,650	\$32,475	\$69,129

* actual may represent partial exemption

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.

FY10 FOREST AGRICULTURAL AND RECREATIONAL LAND – VALUES AND DISCOUNTS						
Chapter	Class	# of Parcels	Market Value	Taxable Value	Exempted Value	Tax Bill Reduction
61	Forest Land	16	\$ 37,765,600	\$5,204,164	\$32,561,436	\$426,229
61A	Agricultural Land	57	113,638,418	48,323,970	65,314,448	854,966
61B	Recreation Land	<u>40</u>	<u>117,826,900</u>	<u>64,247,517</u>	<u>53,579,383</u>	<u>701,354</u>
TOTALS		<u>113</u>	<u>\$269,230,918</u>	<u>\$117,775,651</u>	<u>\$151,455,267</u>	<u>\$1,982,549</u>

FY 2011 TAXABLE ASSESSED VALUE BY CLASS						
Assessment Date	January 1, 2010	January 1, 2009				
Budget Year	7/1/2010- 6/30/2011	7/1/2009- 6/30/2010				
Class	FY2011 Valuation	FY2010 Valuation	\$ Change FY 2010-2011	FY 2011 % Share	FY 2010 % Share	10 Yrs. Ago % Share
Residential	\$4,569,997,261	\$4,554,723,932	\$15,273,329	90.58%	90.61%	87.91%
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>\$4,569,997,261</u>	<u>\$4,554,723,932</u>	<u>\$15,273,329</u>	<u>90.58%</u>	<u>90.61%</u>	<u>88.07%</u>
Commercial	\$389,745,023	\$389,617,284	\$127,739	7.73%	7.75%	8.57%
Industrial	29,897,900	31,051,000	(1,153,100)	0.59%	0.62%	2.36%
Personal Property	<u>55,499,846</u>	<u>51,160,013</u>	<u>4,339,833</u>	<u>1.10%</u>	<u>1.02%</u>	<u>1.00%</u>
Subtotal	<u>\$475,142,769</u>	<u>\$471,828,297</u>	<u>\$3,314,472</u>	<u>9.42%</u>	<u>9.39%</u>	<u>11.93%</u>
TOTAL	<u>\$5,045,140,030</u>	<u>\$5,026,552,229</u>	<u>\$18,587,801</u>			

ASSESSED VALUATION, LEVY LIMIT, TAX LEVY AND RATES: FY 1980-2011

Fiscal Year	Total Assessed Value	Absolute Levy Limit	Annual Levy Limit	Actual Levy		Uniform Tax Rate	Actual Tax Rates			"CIP" ratio	Unused Levy Limit	
				Within Limit	Debt Exclusion		Residential	Open Space	Commercial		\$	as % of Limit
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	100.0	\$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	100.9	\$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	114.8	\$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	112.6	\$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	110.8	\$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	118.1	\$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	115.3	\$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	113.4	\$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	109.6	\$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	121.9	\$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	121.9	\$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	115.1	\$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	110.0	\$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	107.0	\$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	100.0	\$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	100.0	\$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%