

LOCAL OPTION LOCAL INCOME TAX COMMITTEE



From left: Reinier Beeuwkes, Nancy Cronin, Vice-chair; Donato Bracco, Jonathan Keyes, Chair; Patrick Sinnott. Not pictured: Paul Horwitz

The Local Option Local Income Tax Committee (LOLIT) was established in December 2008 by the Selectmen to pursue a financial goal laid out in the most recent (2005) Comprehensive Long Range Plan: to ensure that the distribution of the tax burden allows residents to remain in Concord by aligning the tax burden more closely with income than with property values. The Plan specifically recommended the consideration of a local income tax to replace a portion of the property tax. The Long Range Plan also noted that “maintaining a diverse population continues to be a challenge”.

This Committee is the outgrowth of the activities of a sub-committee of a Selectmen’s committee that recently made its final report - the Committee for Tax Relief for Seniors. Among other things, their final report recommended that the Selectmen establish a permanent committee to continue the efforts to bring about the possibility of a local income tax.

The Committee as a whole has met once with Senator Fargo and a staff member, twice with Representative Atkins and her staff, with John Robertson of the Mass Municipal Association, and with Tony Logalbo, Town Treasurer, who provided us with helpful information on how the mechanics might work. Several members (less than a quorum!) met with Town Counsel at the Cambridge office to discuss the problem of constitutionality or very possible lack thereof. Several members went to

the State House to meet with staff members of the Joint Committee on Revenue, as arranged by Rep. Atkins.

The current severe financial crisis appears to have State legislators “listening”; meetings seeking input are being held throughout the State and various lolit Committee members have attended three of them (in Acton, Harvard, and Worcester) and have taken these opportunities to make our case.

The Committee has prepared an advisory article for the 2010 Town Meeting which will request that the Selectmen petition the General Court within the next year for legislation that would permit cities and towns the local option of imposing a local income tax on residents as a replacement for a portion of that community’s property tax on residential property in order to reduce the property tax burden. The Committee has also prepared an example of the legislation which the Town would like the General Court to consider.

BOARD OF ASSESSORS



Standing from left: Bill Jaros, Bruce MacAlpine, Tory Lambert, Jim Phelps. Seated: Lynn Masson, Town Appraiser; David Karr, Mark Engerman. Not pictured: Connie Johnson, Jim Sommer

The Board of Assessors began Calendar Year 2009 by processing 138 abatement applications, completing 95% of them before the end of the Fiscal Year. The Board granted an abatement in whole or in part for 47% of the applications.

The remainder of the year was devoted to the Fiscal Year 2010 Interim Year Adjustment based upon Calendar Year 2008 sales. 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-Aided Mass Appraisal (CAMA) system used in the model to calculate the assessed value for each property in order to adjust them to their market value as indicated by sales data. The Department of Revenue (DOR) provides regulations that define how the statistical sales analysis must be done. There were 107 qualified sales in 2008. 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 certain parameters:

- The overall median must be within plus or minus ten percent of 100% of full and fair market value.
- The variances from the median for the subcategories within the sales stratifications must be within plus or minus five percent of the overall median.

The overall median ASR is .92 for Fiscal Year 2010. 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 FY 2010 Concord’s average Single Family Residence (SFR) is valued at \$835,697 and the median SFR is valued at \$656,700. As happened in FY 2009 (2007 sales), the sales analysis of the 2008 sales indicated that property values should be decreased slightly (4.5%).

Final values are then used to establish the tax rate in order to meet the budget requirements as voted at Town Meeting. As expected, when property values decrease the tax rate increases.

New Growth

The value of new construction increases the levy limit. The new growth due to construction in the SFR sector

continued at a strong rate with 29 newly completed single family home sites, 9 affordable units, 8 new condominiums, and over 600 properties undergoing renovative construction. The New Growth rate increase for FY 2010 was 1.7%

NEW GROWTH BY CLASS, FISCAL 2010

	Value	Levy Limit Adjustment	% of Total
Class One, Residential	\$83,052,692	\$988,327	92.5%
Class Three, Commercial	193,600	2,304	0.2
Class Four, Industrial	0	0	0
Personal Property	<u>6,575,664</u>	<u>78,250</u>	7.3
	\$89,821,956	\$1,068,881	

Classification Hearing

The Board of Assessors recommended to the Board of Selectmen that for FY 2010 they 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 FY 1998 the Board of Selectmen has adopted a uniform tax rate for all classes of property. A public hearing was held on November 16, at which the Board of Selectmen voted to adopt each of the BOA recommendations for FY 2010.

VALUATION, TAX RATES, AND TAX LEVY—FY2001 - 2010

Fiscal Year	Assessed Valuation	Tax Rate	Tax Levy	% Tax Levy Change	Tax Levy as % of Assessed Value
2001	\$2,783,643,972	\$12.54	\$34,906,895	5.2%	1.25%
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%

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 as well, with the Town covering the full incremental exemption amount. Exemptions granted for FY 2009 and the related State exemption reimbursements are shown in the table below.

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.

FY09 EXEMPTIONS GRANTED

Exemption Type	Clause MGL Ch.59, S.5	## Granted	Base Amount	Total Base	Actual Abated*	State Rmbmt	Net Town Funds
Veterans	22	62	400	\$24,000	\$48,000	\$13,950	\$34,050
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	14	175	2,450	4,900	900	4,000
Elderly	41C	21	500	10,250	20,500	10,500	10,000
Blind	37A	<u>11</u>	500	\$5,500	<u>\$11,000</u>	<u>963</u>	<u>\$10,038</u>
TOTALS		114			\$95,400	\$30,763	\$64,638

* actual may represent partial exemption

FY09 FOREST AGRICULTURAL AND RECREATIONAL LAND – VALUES AND DISCOUNTS

Chapter	Class	# of Parcels	Market Value	Taxable Value	Exempted Value	Tax Bill Reduction
61	Forest Land	12	\$24,459,400	\$2,517,803	\$21,941,597	\$261,105
61A	Agricultural Land	63	141,989,300	54,466,549	87,522,751	1,041,521
61B	Recreation Land	<u>42</u>	<u>145,166,800</u>	<u>83,356,576</u>	<u>61,810,224</u>	<u>735,542</u>
TOTALS		117	\$311,615,500	\$140,340,928	\$171,274,572	\$2,038,168

FY 2010 TAXABLE ASSESSED VALUE BY CLASS

Assessment Date – Budget Year –	January 1, 2009 7/1/2009-6/30/2010	January 1, 2008 7/1/2008-6/30/2009	\$ Change FY 2009-2010	FY 2010 % Share	FY 2009 % Share	10 Yrs. Ago % Share
Class	FY2010 Valuation	FY 2009 Valuation				
Residential	\$4,554,723,932	\$4,774,845,032	\$(220,121,100)	90.61%	90.70%	88.29%
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>\$4,554,723,932</u>	<u>\$4,774,845,032</u>	<u>\$(220,121,100)</u>	<u>90.61%</u>	<u>90.70%</u>	<u>88.45%</u>
Commercial	\$389,617,284	\$407,338,498	\$(17,721,214)	7.75%	7.74%	8.58%
Industrial	31,051,000	32,638,200	(1,587,200)	0.62%	0.62%	1.94%
Personal Property	<u>51,160,013</u>	<u>49,769,972</u>	<u>1,390,041</u>	<u>1.02%</u>	<u>0.94%</u>	<u>1.03%</u>
Subtotal	<u>\$471,828,297</u>	<u>\$489,746,670</u>	<u>\$(17,918,373)</u>	<u>9.39%</u>	<u>9.30%</u>	<u>11.55%</u>
TOTAL	<u>\$5,026,552,229</u>	<u>\$5,264,591,602</u>	<u>\$(238,039,473)</u>			

ASSESSED VALUATION, LEVY LIMIT, TAX LEVY AND RATES: FY1980-2010

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				\$536,405	3.43%
1982	\$644,119,237	\$16,102,981	\$15,629,937	\$15,093,532		\$23.43	23.60	20.06	23.43	\$871,027	5.37%
1983	\$651,122,529	\$16,278,063	\$16,214,000	\$15,342,973		\$23.56	23.66	19.99	23.78		
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%