

regarding enrollment changes for the Concord Public Schools and demand for other Town services? How do different categories of households – by income group or household age – perceive Concord’s “affordability”? How do Concord’s tax bills and spending levels compare with those in other reference communities? How do they compare with growth rates and levels of household income?

Trying to find the right balance for the times is a complex process. Members of the Finance Committee research, debate, interview, invite feedback, and seek consensus – within the Committee, with the budgeting entities, and ultimately with the Town’s citizens.

Over the last ten years, the rate of Concord’s property tax increases has been declining, particularly as the effects of the national recession were felt locally. Whereas from FY 2002 to 2007, taxes levied on existing taxpayers rose on average 6% per year, increases from 2007 to 2013 averaged 2.6% per year; more recently, from 2010 to 2013, taxes on existing taxpayers rose just 1.8% per year. The Board of Selectmen, Town Manager, School Committees, and Superintendent work collaboratively with the Finance Committee to avoid drastic changes in Town and School services.

This year, the Finance Committee has issued guidelines that provide for modest growth in operating budgets for the Town and both our K-8 and 9-12 school districts. An increase of 3.87% in operating budgets suggests that the property tax increase in FY14 for existing taxpayers will be 4.00%, inclusive of the debt exclusion. The resulting total levy remains within the Proposition 2 ½ levy limit.

Looking ahead, the Committee foresees a number of upcoming demands for fiscal resources. The burden of the debt service for the high school building project will begin to impact taxpayers in FY14 and increase for several years thereafter. Other possible future spending needs have been identified, though some of their parameters are not yet defined. These include shifts in Concord’s assessment for high school costs due to shifting enrollment ratios, as well as possible needs to construct a school bus transportation depot, replace athletic facilities, remediate an old landfill site under the present CCHS student parking lot, and increase our annual contribution toward the Town’s unfunded

liability for health insurance benefits for the Town’s retirees. The Fire Department is conducting a strategic plan for emergency medical services that may lead to investment down the road. Other public works infrastructure decisions are on the horizon. The Finance Committee’s five-year projection will be updated in light of these factors in order to provide citizens with new information.

## LOCAL OPTION LOCAL INCOME TAX COMMITTEE



*Seated from Left: Donato Bracco, Jonathan Keyes, Chair; Nancy Cronin, Vice Chair. Standing from left: Paul Horwitz, Reimier Beeuwkes, Pat Sinnott. Not pictured: Walter Birge, John Mannheim*

The simple concept behind the Committee’s work for the past 4 years remains constant: reduce the residential real estate tax by roughly half and replace those funds with a local income tax. The latter would be a roughly 2% surcharge on a resident’s income as reported on the State income tax return. It would be collected by the State and remitted to the Town. This would not be a new tax, but a redistribution of an existing tax, with the purpose of preserving economic diversity.

Unfortunately the proposal involves an income tax, not a real estate tax, so the proposal is clouded by the issue of constitutionality. As reported last year, our effort to seek an advisory opinion from the Supreme Judicial Court was not successful. Nor was our submission of enabling legislation, H. 3375, which was “heard” in the legislature in March of 2011 and subsequently relegated to “study” (i.e., killed).

2012 Town Meeting passed Article 47, a Home Rule petition allowing a future Town Meeting to consider the proposal and to vote up or down on it. Upon the Committee's recommendation, the Board of Selectmen plans to ask one of our representatives to submit this petition to the General Court early next January. In the meantime, we have prepared a place-holder article for the forthcoming Town Meeting in the event that the State legislature approves our Home Rule petition prior to the Town Meeting, and we plan to have several hearings to explain the details of the proposal and to obtain input from our citizens.

### BOARD OF ASSESSORS



*From left: Jim Phelps, Bill Jaros, Mary Sheppard, Assoc.; David Karr, Chair; Jim Sommer, Tory Lambert*

The Board of Assessors began Calendar Year 2012 by processing 158 abatement applications, completing all by the deadline of April 1, 2012. The Board granted abatements for 75% of the applications for a total of \$187,755, which is 0.27% of the Tax Levy.

The remainder of the year was devoted to the Fiscal Year 2013 interim year revaluation program. Property valuation for FY13 tax purposes (the tax year beginning July 1, 2012) is based on a valuation date of January 1, 2012. Market value as of this valuation date is derived from the analysis of calendar year 2011 sales.

The Board of Assessors revalues all properties in the Town every year in 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) once 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 the required statistical analysis. The DOR has approved Concord's FY13 assessed values. This year was the first of two interim years, last year being our re-certification year.

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. The DOR issues regulations that define how the statistical sales analysis must be done. There were 342 sales with 228 qualified sales in calendar year 2011, the 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 and before the sales analysis is done.

State law also requires that the median Assessment to Sales Ratio (ASR), for the 228 qualified sales, must fall within required parameters each year:

- The overall ASR median must be within plus or minus ten percent of 100% of full and fair market value.
- The median for each subcategory 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 for the resulting sales model is 0.96 for Fiscal Year 2013. 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 2013 Concord's average Single Family Residence (SFR) is valued at \$838,804 (down 1.5% from FY 2012) and the median SFR is valued at \$669,850 (down 1.2%). The overall value of the Town indicated that property