



Board of Assessors FY2017 Classification Meeting with the Select Board

November 14, 2016



Outline

- **Tax Rate Analysis for FY2017**
- **Recertification**
- **New Growth**
- **Total Taxable Value**
- **Tax Levy Calculation**
- **Tax Rate Calculation**
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 - **Residential Factor**
 - **Open Space Discount**
 - **Residential Exemption**
 - **Small Commercial Exemption**
- **Summary**



Tax Rate Analysis for FY2016

TAX RATE ANALYSIS

Fiscal Year 2017

Report of the
Concord Board of Assessors

David Karr, Chair
Cynthia Rainey, Vice Chair
Jim Sommer
Christian Fisher
Gerald Vigneron

To

Concord Select Board

For Public Hearing on November 14, 2016

- Report distributed to the Select Board members
- Details:
 - Assessed values
 - Tax levy
 - Tax Rate
 - BOA recommendations on classification



This is an Interim Year Adjustment

- **DOR requires recertification every 3 years soon to be every 5**
 - **Next Recertification year FY 2018**
 - **Interim year same process for Town**
 - **Review of values and growth by DOR**

Status

- **Fy 2017 Values Approved**
- **Fy 2017 Growth Approved**
- **Expect tax bills to go out with the approved rate and on time**



New Growth

- **Period: July 1, 2015 to June 30, 2016**
- **Residential: \$86,212,699 (Value) @ \$13.92/1,000 = \$1,200,081(Taxes)**
 - \$899,218 – Standard growth (New SFD, Additions)
 - \$193,592 – Condominiums (Ingham lane and Forest Ridge)
 - \$ 107,271 - Two and Three-Family's, Apartments (Brookside)
- **Commercial: \$3,818,900 @ \$13.92/1000 or \$53,159**
Industrial: \$0.00 @ \$13.92/1000 or \$0.00
Personal Property: \$11,466,850 @ \$13.92/1000 or \$159,619
- **Fiscal 2017 Total Growth: \$101,498,449 @ \$13.92/1000 or \$1,412,859**
- **Fiscal 2016 Amended Growth: \$1,645,800 @ \$14.29/1000 or \$ 23,518**
- **Total Growth: \$1,436,377**



Total Taxable Value

Class	FY2016 Valuation	FY2017 Valuation	Change	% Change
Residential	\$5,339,204,392	\$5,470,440,285	\$131,235,893	2.46%
Commercial/ Industrial/ P. Property	\$502,684,903	\$503,276,117	\$ 591,214	.12%
Total	\$5,841,889,295	\$5,973,716,402	\$131,827,107	2.26%



Tax Levy Calculation

Item	Value
FY2016 Levy Limit	\$78,712,008
Amended growth FY 2016	\$ 23,518
Add...2 ½ allowed increase	\$ 1,968,388
Add...New growth	\$ 1,412,859
Total before any debt exclusion and override	\$82,116,773
Add...Debt exclusion	\$ 6,266,168
Add...Any override	0
Maximum permitted levy	\$88,382,941
FY2017 Property tax levy	\$84,050,189
Unused levy limit	\$ 4,332,752*

* Unused levy limit used in fiscal planning for future



Tax Rate Calculation

FY2016 Tax Rate was \$13.92

$$\frac{\text{FY2017 Property Tax Levy}}{\text{Town Taxable Valuation}} = \frac{\$88,050,189}{\$5,973,716,402} = 0.01407$$

or

\$14.07 per thousand dollars of assessed value

FY2017 Tax Rate is \$14.07



Classification Issue – Residential Factor

- **Setting residential factor = 1 provides uniform tax rate for all classes (Residential, Open space, Commercial, Industrial and Personal property)**
- **Setting residential factor not = 1 results in differential tax rate between the “R/O” group and the “C/I/P” group**
- **Concord has used a uniform rate since FY1998**
- **91% of Concord revenue comes from Residential, a slight reduction (savings) in the “R/O” group would put a large increase (burden) on the “C/I/P” group**

Recommendation:

The Board of Assessors supports a uniform tax rate for all classes, achieved by the adoption of a residential factor of “1.”



Classification Issue – Open Space Discount

- There are no parcels currently classified as open space
- Most large land owners participate in chapter land discounts under 61, 61A and 61B resulting in more savings than if they were designated as “Open Space”
- Under Chapter the discount ranges from 75% to 98%
- The open space discount has a maximum discount of 25%
- Excess land values remained the same at \$35,500/Acre further reducing the need for the OSD

Recommendation:

The Board of Assessors recommends that the Selectmen not adopt an open space discount.



Classification Issue – Residential Exemption

- **Redistribution of the tax levy among residential property owners**
- **“Exemption” is a misnomer since it is actually a tax shift among residential properties (upper portion of the tax base will have a higher tax bill, lower portion of the tax base will have a lesser tax bill)**
- **Tends to penalize low income renters because Apartment buildings would not qualify, would be in the upper half and pass the increase on to the tenants**
- **Most Advantageous in second-home communities**
- **Only 13 out of 351 communities in Massachusetts have adopted the exemption (9 inner city, 3 Cape, 1 south coast)**

Recommendation:

The Board of Assessors does not support adoption of a residential exemption.



Classification Issue – Small Commercial Exemption

- The intent of the exemption is to give a tax reduction to small commercial property owners at the expense of the larger commercial and industrial parcels
- The question of fairness arises since the legislation is based upon the assumption that the owners of higher valued properties are financially healthier than the owners of properties with lower values
- Detail analysis appears in the “Tax Rate Analysis” document

Recommendation:

The Board of Assessors does not support adoption of the small commercial exemption.



Summary

- **The Board of Assessors recommendation is to retain the Uniform Tax Rate (=1)**
- **It is deemed the fairest method of apportioning the tax bill in Concord – and because it is the only way to avoid unintended consequences that the Board deems to be damaging**
- **The Board of Assessors does not recommend adoption of the**
 - **Open Space Discount**
 - **Residential Exemption**
 - **Small Business Exemption**