



**FISCAL YEAR 2021  
CLASSIFICATION HEARING**

**December 1, 2020**

*Board of Selectmen*

*Janie W. Dretler, Chair*

*Jennifer Roberts, Vice Chair*

*William Schineller*

*Daniel E. Carty*

*Charles Russo*

*Board of Assessors*

*Joshua M. Fox, Chair*

*Trevor Haydon*

*Liam J. Vesely*

*Harald Scheid Consulting Assessor & Wilmar Coelho Associate Assessor*

*Cynthia Gerry, Director of Assessing*

## Introduction

Each year, prior to the mailing of 3<sup>rd</sup> quarter tax bills, a public hearing is held by the Board of Selectmen in conjunction with the Board of Assessors. The public hearing known as the Classification Hearing provides an opportunity for the Selectmen to discuss and decide on the distribution of the tax burden to be allocated among the major classes of property. Chapter 40, Section 56 of the Massachusetts General Laws, dictates the hearing procedure.

Prior to the Hearing, all properties must be assessed at their full and fair cash value as of the January 1<sup>st</sup> assessment date. The Fiscal Year 2021 assessment date is January 1, 2020.

The steps necessary to complete the Classification Hearing and Tax Rate Setting process are defined below:

### Pre-classification Hearing Steps

- Step 1: Determination of the property tax levy (Budget Process)
- Step 2: Determine assessed valuations (Assessors)
- Step 3: Tabulate assessed valuations by class (Assessors)
- Step 4: Obtain DOR value certification (Assessors)
- Step 5: Obtain certification of new growth revenues (Assessors)

### Classification Hearing Steps

- Step 6: Classification hearing presentation (Assessors & Selectmen)
- Step 7: Review and discuss tax shift options (Selectmen)
- Step 8: Voting a tax shift factor (Selectmen)

### Post Classification Hearing Steps

- Step 9: Sign the LA-5 Classification Form (Selectmen)
- Step 10: Send annual recap to DOR for tax rate approval (Assessors)
- Step 11: Obtain DOR approval of tax rates (DOR)

## Terminology

The following represents frequently used tax discussion terminology:

Levy: The tax levy (or levy) is the amount of property taxes to be raised. The levy amount is determined by the budget process. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised through property taxation. In Sudbury, the levy to be raised is \$92,441,235. This represents a 3.0% increase over last year's levy of \$89,733,775.

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the town and represents the maximum property tax revenue that can be raised under Proposition 2 ½. Based on the

Sudbury’s total valuation of \$4,812,305,728 the town cannot levy taxes in excess of \$120,307,643.

New Growth Revenue: Property taxes derived from newly taxable properties like new construction, additions, subdivisions, and personal property. The Department of Revenue has certified Sudbury’s new growth for fiscal year 2021 at \$855,336.

Levy Limit: Also referred to as the “maximum allowable levy”, the levy limit is calculated by adding 2.5 percent of the previous year’s levy limit, plus new growth revenue, and proposition 2 ½ overrides, capital expenditure exclusions, and debt exclusions. The certified maximum allowable levy for fiscal year 2021 is \$93,076,677.

Excess Levy Capacity: Excess levy capacity is the difference between the levy and the levy limit. Sudbury’s excess levy capacity is an estimated \$635,442.

**The Fiscal Year 2021 Levy Limit and Amount to be Raised**

The following is a calculation of Sudbury’s estimated levy for fiscal year 2021.

Fiscal year 2020 levy limit	\$87,791,953
Levy increase allowed under Prop. 2 ½	2,194,799
New growth revenue	855,336
Debt excluded under Prop. 2 ½	2,234,589
Fiscal year 2021 levy limit	93,076,677
<b>Levy to be raised (rounded by tax rate)</b>	<b>\$92,441,235</b>
Excess levy capacity	\$635,442

**Valuations by Class Before Tax Shift**

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs CIP%</u>
Residential	4,476,309,078	93.0180%	93.0180%
Commercial	193,733,270	4.0258%	
Industrial	32,737,300	0.6803%	6.9820%
Personal Property	109,526,080	2.2759%	
<b>TOTAL</b>	<b>4,812,305,728</b>	<b>100.0000%</b>	

**Assessed Valuations**

Sudbury’s valuations are adjusted annually to reflect changes in the real estate market. An assessment-to-sale ratio study comparing calendar year 2019 sales with fiscal year 2020 assessments indicate that most residential property valuations were reasonably in line with the market. Notable exceptions include most condominium developments where the median

assessment level fell below 90%, requiring that valuations be increased. A number of high-end home sales with assessments that were consistently above sale price, indicated a need to reduce assessed valuations for these properties.

A similar study of assessments and sale prices for multi-family residences, commercial and industrial properties indicated that property valuations for these property classes needed to be increased.

Property Class	21Valuation	Growth*	21AVlessGrowth	20Valuation	Change(apx.)
Single-family	4,055,677,200	6,080,100	4,049,597,100	4,062,640,634	-0.32%
Condominiums	243,520,000	29,767,400	213,752,600	204,903,940	4.31%
2-3 Family	11,483,800	0	11,483,800	11,483,800	0.00%
Multi-family	91,350,600	2,192,900	89,157,700	87,141,400	2.31%
Commercial	183,923,300	818,400	183,104,900	170,374,100	7.47%
Industrial	32,737,300	0	32,737,300	30,823,000	6.21%

*\*Note that new growth valuation shown above does not include adjustments that are made for a multitude of reasons including property reclassification, minor property improvements, and abatements. The overall property class value changes are approximate.*

## Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Sudbury, though having a relatively small commercial tax base, has chosen to adopt a split tax rate.

In recent years, the Board of Selectmen has adopted a shift factor that has yielded relatively uniform tax rate increases in both the residential and commercial sectors. Though the commercial, industrial and personal property (CIP) sector makes up approximately 7 percent of the taxable valuation base, adoption of the classification shift factor (see below) has resulted in this sector paying about 9 percent of Sudbury’s property taxes.

After taking into account small adjustments to assessments for condominiums and commercial properties from the prior fiscal year, a CIP shift factor of 1.33 would make each major property class responsible for approximately the same percent tax burden as last year.

## Tax Rates and Options

Sudbury's uniform, single tax rate without applying shift factors is \$19.21 per thousand.

There are any number of tax rate options the Board of Selectmen might chose. Several that might be considered are as follows:

Option	CIP Shift	Res. Shift	CIP Tax Rate	Res. Tax Rate
Single Tax Rate	1.0000	1.0000	19.21	19.21
10% Shift	1.1000	0.9925	21.13	19.07
20% Shift	1.2000	0.9850	23.05	18.92
30% Shift	1.3000	0.9775	24.97	18.78
33% Shift (balanced impact)	1.3300	0.9752	25.55	18.73
40% Shift	1.4000	0.9700	26.89	18.63
50% Shift (maximum allowed)	1.5000	0.9625	28.81	18.49

*See Addendum B for additional tax rate options.*

Based on the balanced CIP/Res. increase scenario above, the Board of Assessors has calculated the following tax rates. The following rates do not account for the means-tested exemption.

<u>Property Class</u>	<u>FY2020</u>	<u>FY2021</u>
Residential	18.35	18.73
Commercial	24.97	25.55
Industrial	24.97	25.55
Personal Property	24.97	25.55

## Tax Impacts

With a few exceptions, fiscal year 2021 residential valuations have remained unchanged from last year.

The average residential tax bill calculation would change as follows if a CIP shift factor of 1.33 were adopted:

FY 2020 Average Single-Family Valuation:	\$746,300
Taxes at \$18.45 per thousand	\$13,769
FY2021 Average Single-Family Valuation (estimated):	\$746,300
Taxes at \$18.83 per thousand	\$14,052
Average Tax Increase	\$283
Percentage Increase	2.0%

Note – the above estimates reflect an additional residential tax rate increase of approximately 9-10 cents to fund Sudbury’s means-tested exemption.

The Board of Assessors point out that a CIP shift factor of 1.33 with a corresponding residential shift factor of 0.9752 would result in a “relatively” uniform tax rate increase in both sectors.

### Sudbury’s Tax Shift Votes (18 Year History)

Fiscal Year	CIP Value	Total Value	R/O % of Total Value	CIP % of Total Value	Lowest Residential Factor Allowed	Max CIP Shift Allowed	Residential Factor Selected	CIP Shift
2003	178,344,978	2,839,782,978	93.7198	6.2802	0.966495	1.500000	0.979897	1.30000
2004	200,238,034	3,545,996,135	94.3531	5.6469	0.970075	1.750000	0.970075	1.50001
2005	211,105,466	3,600,973,272	94.1376	5.8624	0.968863	1.500000	0.970108	1.48000
2006	222,613,431	3,956,930,561	94.3741	5.6259	0.955291	1.750000	0.967213	1.55000
2007	241,153,003	4,231,531,337	94.3011	5.6989	0.954675	1.750000	0.969783	1.50001
2008	270,083,278	4,162,959,799	93.5122	6.4878	0.965310	1.500000	0.981268	1.26999
2009	278,781,214	4,064,434,979	93.1410	6.8590	0.963179	1.500000	0.982326	1.24000
2010	284,018,864	4,003,661,467	92.9060	7.0940	0.961822	1.500000	0.982438	1.23000
2011	274,711,172	3,874,281,828	92.9094	7.0906	0.961841	1.500000	0.978631	1.28000
2012	271,556,419	3,838,335,540	92.9251	7.0749	0.961932	1.500000	0.978938	1.27664
2013	273,337,212	3,864,083,107	92.9262	7.0738	0.961939	1.500000	0.978714	1.27963
2014	265,094,234	3,960,584,137	93.3067	6.6933	0.964132	1.500000	0.974606	1.35400
2015	263,058,002	4,088,915,905	93.5666	6.4334	0.965621	1.500000	0.973663	1.38304
2016	277,216,608	4,230,884,307	93.4478	6.5522	0.964942	1.500000	0.973356	1.38000
2017	280,876,280	4,408,953,695	93.6294	6.3706	0.965980	1.500000	0.974145	1.37999
2018	308,262,538	4,560,675,215	93.2409	6.7591	0.963754	1.500000	0.976078	1.33000
2019	331,554,958	4,728,363,583	92.9880	7.0120	0.962296	1.500000	0.975100	1.33021
2020	321,263,656	4,773,073,156	93.2692	6.7308	0.963917	1.500000	0.976300	1.32842

### Voting a Tax Shift Factor

If the Board of Selectmen were to balance the impact of the tax increase equally between CIP and Residential, the Board would vote as follows: The Sudbury Board of Selectmen votes in accordance with M.G.L., Ch. 40, Sec. 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2021 tax rates and sets the Residential Factor at 0.9752, (or other selected Factor) with a corresponding CIP shift of 1.33 (or other corresponding CIP shift), pending certification of the Town’s annual tax recap by the Massachusetts Department of Revenue.

### Optional Exemptions:

### **Residential Exemption:**

Adopting the Residential Exemption (conferred pursuant to M.G.L. c. 59, § 5C) would allow the Selectmen to exempt from qualified residential properties a percentage of the average assessed value for the class. The intent of this exemption is to promote owner occupancy. The residential exemption has the effect of shifting the tax burden from the lower valued properties to higher valued properties, and those, which are not owner-occupied.

An exemption of up to 35% of the average assessed value for Class I (Residential) properties is possible. If adopted a flat, uniform valuation reduction is applied to all qualifying owner-occupied residential home valuations. The tax levy in the community does not change based on adoption of this exemption. However, to compensate for the loss in residential valuation associated with this exemption, the residential tax rate increases. The exemption will reduce property taxes on the lower valued owner-occupied residential properties, while increasing property taxes on higher valued properties, and those residential properties, which are not owner-occupied.

In FY 2020, fifteen Massachusetts cities and towns adopted the Residential Exemption. Historically, the exemption has been adopted in those communities with a high percentage of apartments and other investment property or seasonal homes. In general terms, the exemption shifts real estate taxes onto Class I properties that are not occupied as the owner's principal residence and those which may be held for investment.

<b>Residential Exemption Communities</b>	
Boston	35%
Somerville	35%
Waltham	35%
Cambridge	30%
Chelsea	30%
Malden	30%
Everett	25%
Nantucket	25%
Provincetown	25%
Watertown	23%
Brookline	21%
Barnstable	20%
Truro	20%
Wellfleet	20%
Tisbury	18%

Sudbury’s fiscal year 2021 data suggests 81% of the residential single family and condominium property owners could potentially meet the basic criteria for exemption this year.

## Residential Exemption Eligible and Ineligible Accounts

Residential Taxable		Number of	Residential Taxable	Eligible		Ineligible	
Property by Use	Use Code	Accounts	Assessments by Use	Accounts	Percent	Accounts	Percent
Single Family	101	5442	4,055,677,202	4781	88%	661	12%
Condominium	102	416	243,519,977	312	75%	104	25%
Two Homes on One Lot	109	19	24,121,900	12	63%	7	37%
Two Family	104	16	9,937,400	7	44%	9	56%
Three Family	105	2	1,546,400	1	50%	1	50%
Apartments	111-125	7	91,350,600	0	0%	7	100%
Vacant Land	130-132	386	28,175,200	0	0%	386	100%
Mixed use/Farm Homes	012-043	16	21,980,399	12	75%	4	25%
Totals		6304	4,476,309,078	5125	81%	1179	19%

Although many owner-occupied properties could receive a valuation exemption of up to \$248,652, the tax rate for the entire residential class would increase dramatically. One scenario suggests a residential tax rate of \$26.85. As a result, while approximately 3,981 residential properties would receive a tax break under the Residential Exemption option about 2,323 residential properties, including all residential vacant land parcels, all non-owner-occupied residential properties, and all properties assessed over the breakeven point of **\$889,100** and certain trusts will be subject to a higher tax bill than without the exemption.

The following table displays a possible tax impact scenario if the maximum Residential exemption percentage of 35% were to be adopted in Sudbury.



Tax Impact of a 35% Residential Exemption

A	B	C	D	E	F
Assessed Value	Residential Tax (at \$18.90)	Residential Exemp. Value Adjustment	Adjusted Assessed Value	Adj Residential Tax (at \$26.24)	Tax Impact of Residential Exemption
<400,500	5,887	248,652	62,814	\$1,648	-\$4,238
400,500	\$7,569	248,652	151,848	\$3,984	-\$3,585
500,000	\$9,450	248,652	251,348	\$6,595	-\$2,855
600,000	\$11,340	248,652	351,348	\$9,219	-\$2,121
700,000	\$13,230	248,652	451,348	\$11,843	-\$1,387
800,000	\$15,120	248,652	551,348	\$14,467	-\$653
850,000	\$16,065	248,652	601,348	\$15,779	-\$286
889,100	\$16,804	248,652	640,448	\$16,805	\$1
1,000,000	\$18,900	248,652	751,348	\$19,715	\$815
1,200,000	\$22,680	248,652	951,348	\$24,963	\$2,283
1,300,000	\$24,570	248,652	1,051,348	\$27,587	\$3,017
1,400,000	\$26,460	248,652	1,151,348	\$30,211	\$3,751
1,500,000	\$28,350	248,652	1,251,348	\$32,835	\$4,485
1,600,000	\$30,240	248,652	1,351,348	\$35,459	\$5,219
1,700,000	\$32,130	248,652	1,451,348	\$38,083	\$5,953
1,800,000	\$34,020	248,652	1,551,348	\$40,707	\$6,687
1,900,000	\$35,910	248,652	1,651,348	\$43,331	\$7,421
2,000,000	\$37,800	248,652	1,751,348	\$45,955	\$8,155
3,000,000	\$56,700	248,652	2,751,348	\$72,195	\$15,495
>3,000000	\$63,464	248,652	3,109,248	\$81,587	\$18,122

*Please note; the Res tax displayed is for the purpose of illustration only. In addition, the tax rate increase associated with the Sudbury Senior Means Exemption Program is not included in this scenario.*

**Small Commercial Exemption**

An exemption (conferred pursuant to M.G.L. c. 59, § 5I) of up to 10% of the property valuation can be granted to commercial properties (not industrial) having one or more businesses employing 10 or fewer employees in total, and an assessed value of less than \$1,000,000.00. Implementing this exemption requires increasing the CIP tax rate to offset lost revenues from qualifying properties.

For fiscal year 2021, 31 properties in the Town have been identified as meeting qualifying standards. Sudbury's nominal commercial class for fiscal year 2021 hosts 190 accounts. In addition, there are 8-mixed use/part commercial, 42-chapter land, and 19 industrial properties all of which would be subject to an increased tax rate generated by the adoption

of a small commercial exemption. The class 3 value reduction for those qualifying properties if a 10% small commercial exemption is adopted is \$773,420 approximated with a corresponding tax rate increase of seven cents (for purposes of illustration we used a factor of 1 in our analysis). The average tax savings for the 31 accounts is approximately \$666.28/ account.

Considerations:

The qualifying 31 taxpayers will receive a tax benefit. Other small businesses (not qualifying) will bear the increased burden along with larger commercial and industrial properties.

Twenty-three of the qualifying 31 accounts are commercial condominiums. However, within the same condominium complexes 67 units will not make the cut for different reasons. The properties are otherwise quite similar in size, use, and assessment.

Many of the small businesses appearing on the Department of Unemployment Assistance (DET) list as qualifying will not benefit from the exemption, as they are tenants in larger commercial properties with assessed values exceeding the allowable \$1,000,000 cap.

Based on the foregoing, we can conclude the following:

The vast majority of Sudbury’s small businesses will not stand to benefit by adoption of this exemption, as they are tenants in strip malls, and other large commercial buildings.

They in fact will be penalized by the increased tax rate. Mill Village is a good example of this.

The property consists of 30+ small businesses. Another example are the tenants at the Cummings building on Rte. 117 as well as the tenants in the various strip malls located on Route 20.

As evidenced by the small number of eligible accounts this exemption program will provide tax relief to very few of Sudbury’s small business properties. The majority of all small businesses will not benefit from the exemption.

<b>Small Commercial Exemption Communities</b>	
Auburn	10%
Avon	10%
Bellingham	10%
Berlin	10%
Braintree	10%
Chelmsford	10%
Dartmouth	10%
Erving	10%
New Ashford	10%
Seekonk	10%
Swampscott	10%
Westford	10%
Wrentham	10%
North Attleborough	5%

**Open Space Exemption**

In addition to the above-mentioned options, there is one more option, which must be reviewed, although not applicable in Sudbury at this time. It is known as the Open Space Exemption. In order for a municipality to utilize an open space exemption, the community must first have adopted the Open Space Class. While most residential land is Class 1, there is an additional classification which may be created for some vacant land (Class 2). The definition of open space in this context is: *land which is not otherwise classified and which is not taxable under provisions of chapters 61, 61A or 61B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.*

The Open Space Class was developed to provide a tax break to land owners, as incentive to preserve open land or at least slow development. Adopting this classification would result in a discount of the residential tax obligation of up to 25% for those parcels classified as open space. Any tax savings awarded to open space property owners will be subsidized by all other residential property owners. Commercial, Industrial, and Personal Property will not be affected. Sudbury currently has 62 parcels of land enrolled in the various chapter land programs. Chapter land enrollment carries certain program withdrawal restrictions which are described below. If a community were to adopt this open space classification, any property classified as open space (*not enrolled in chapter land programs*) would receive the benefit of the favorable tax structure without any of the restrictions associated with the existing chapter land programs. Implementation of the Open Space Classification would take up to a year following written request of the Board of Selectmen.

## Classified Land - Chapters 61, 61A and 61B

There are three "Chapter Land" programs available: Forestry (M.G.L. Chapter 61), Agriculture / Horticulture (M.G.L. Chapter 61A), and Recreation (M.G.L. Chapter 61B).

**Chapter 61 - Forestry Land** is designed to encourage the preservation and enhancement of the Commonwealth's forests. A parcel must consist of at least 10 contiguous acres of land under the same ownership and be managed under a 10-year management plan approved and certified by the State Forester in order to qualify for and retain classification as forest land under Chapter 61.

**Chapter 61A - Agricultural and Horticultural Land** is designed to encourage the preservation of the Commonwealth's valuable farmland and promote active agricultural and horticultural land use. The property must consist of at least 5 contiguous acres of land under the same ownership and be "actively devoted" to agricultural or horticultural use in order to qualify for and retain classification as agricultural or horticultural land under Chapter 61A. An equal amount of contiguous non-productive land may also qualify for classification.

For the land to be considered "actively devoted" to a farm use, it must have been farmed for the two years prior to the year of classification and must have produced a certain amount of sales. The minimum gross sales requirement is \$500 for the first 5 acres of productive land being classified.

**Chapter 61B - Recreational Land** is designed to encourage the preservation of the Commonwealth's open space and promote recreational land uses. Property must consist of at least 5 contiguous acres of land under the same ownership in order to qualify for and retain

classification as recreational land under Chapter 61B. The land must fall into **one** of the following two categories to qualify:

It must be maintained in a substantially natural, wild or open condition or must be maintained in a landscaped condition permitting the preservation of wildlife and natural resources. It does not have to be open to the public, but can be held as private, undeveloped, open space land.

It must be used for certain recreational purposes and must be open to the public or members of a non-profit organization.

#### Liens

Once an initial application for classification has been approved, the local assessors will record a statement at the Registry of Deeds indicating that the land has been classified as forestry under Chapter 61, agricultural / horticultural land under Chapter 61A or recreational land under Chapter 61B. The statement will constitute a lien on the land for all taxes due under the respective chapters.

#### Municipal Option to Purchase

The city or town has an option to purchase any classified land whenever the owner plans to sell or convert it to a residential, commercial, or industrial use. The owner must notify by certified mail the selectmen, assessors, planning board and conservation commission of the town of any intention to sell or convert the land to those uses. If the owner plans to sell the land, the town has the right to match a bona fide offer to purchase it. If the owner plans to convert it, the city or town has the right to purchase it at its fair market value, which is determined by an impartial appraisal. The city or town may also assign its option to a non-profit, conservation organization. The owner cannot sell or convert the land until at least 120 days have passed since the mailing of the required notices or until the owner has been notified in writing that the option will not be exercised, whichever is earlier.

#### Withdrawal Tax

With each of these programs, there is a conveyance tax penalty for withdrawing land. Whenever land which is valued, assessed and taxed under this chapter no longer meets the definition of forest land, agricultural /horticultural land, or recreational land it shall be subject to additional taxes, called roll-back taxes, in the tax year in which it is disqualified and in each of the four immediately preceding tax years in which the land was so valued, assessed and taxed. For each tax year, the roll-back tax shall be an amount equal to the difference, if any, between the taxes paid or payable for that tax year in accordance with this chapter and the taxes that would have been paid or payable in that tax year had the land been valued, assessed and taxed without regard to these provisions.

A summary of Sudbury’s use of the Chapter Land programs follows.

<b>Program</b>	<b>Number of Properties</b>	<b>Total No. of Acres Enrolled</b>	<b>Average Acres Per Property</b>
<b>Agriculture/Horticulture</b>	<b>47</b>	<b>714</b>	<b>15.2</b>
<b>Forestry</b>	<b>6</b>	<b>49</b>	<b>8.2</b>
<b>Recreation</b>	<b>9</b>	<b>225</b>	<b>30.8</b>
<b>Totals</b>	<b>62</b>	<b>988</b>	<b>18.07</b>

Bedford, which was the sole community in Massachusetts to utilize the Open Space Classification, discontinued that Classification in 2017. They attribute their decision to the fact that a very small number of parcels representing a small fraction of the Town’s value qualified for this classification.

In Sudbury, the vast majority of the Town’s taxable large land tracts are currently enrolled in at least one of the Special Chapter Land Programs conferred under M.G.L. Chapter 61, 61A and 61B.

As shown above, we currently have 62 parcels of land enrolled in the Special Chapter land programs representing just under 1000 acres.

Although there is a tax benefit associated with Chapter land program enrollment, there are also associated program withdrawal implications. One of the associated implications is the municipality’s right to purchase the property should it become available for sale. In addition, there is a property tax recapture period when the property is withdrawn from its special classification whereby the municipality can recoup some of the lowered taxes.

There are no such restrictions or implications associated with the Open Space Classification designation. An owner is not restricted in developing or selling the property; the open space tax benefit would simply end.

By comparison with the chapter land programs, summarized below is the vacant land NOT in a chapter land program (FY 2020 data).

<b>Vacant Land Summary</b>						
Land Type	Land Use Code	Number	Acres	Assessed Value	Average Assessed Value	
					Per Property	Per Acre
Residential Land	130	43	149.7	17,229,800	\$400,693	\$115,096
Residential Land (Secondary)	131	8	20.6	2,243,700	\$28,046	\$108,917
Residential Land (Unusable)	132	314	643.7	4,545,600	\$14,476	\$7,062
<b>Totals</b>		<b>365</b>	<b>814</b>	<b>24,019,100</b>	<b>\$65,805</b>	<b>\$29,507</b>

The town’s current wetlands pricing of \$500/acre and residual land pricing of \$20,000/acre are also significant when considering adoption of the Open Space classification.

Implementation of the Classification takes up to a year following written request of the Selectmen.

## VOTING THE EXEMPTIONS

### Example Vote(s) on Residential and/or Small Commercial Exemption Options:

This language including negative and affirmative options speaks to the Residential Exemption only:

**Motion:** [Not] to adopt a Residential Exemption for Fiscal Year 2021, or

**Motion:** [To] adopt a Residential Exemption for Fiscal Year 2021 of \_\_\_\_% of the Average of all Residential Value for those eligible residential properties, which will shift the burden within the Residential Class.

This language including negative and affirmative options speaks to the Small Commercial only:

**Motion:** [Not] adopt the Small Commercial Exemption for Fiscal Year 2021, or

**Motion:** [To] adopt the Small Commercial Exemption for Fiscal Year 2021 business (as) on the DET list valued at less than \$1 million, which will shift the burden within the Commercial & Industrial Classes.

The Open Space exemption cannot presently be implemented, and therefore, no vote need be taken by the Board of Selectmen with respect to this exemption.

## **ADDENDUM A**

### **SUDBURY'S MEANS TESTED SENIOR TAX EXEMPTION**

Finally, we are asking this evening that the Board vote on the cap to be used to fund the Sudbury Senior Means Tested Exemption Program for Fiscal year 2021. Section 3 of Chapter 169 of the Acts of 2012, specifies that the total cap on the exemptions granted by the act shall be set annually by the board of selectmen, within a range of .5 to 1 per cent of the residential property tax levy for the town of Sudbury. The vote is traditionally taken following the mandatory Classification Hearing votes.

Massachusetts Chapter 169 of the Acts of 2012 established, and Chapter 10 of the Acts of 2016 renewed a pilot program in Sudbury for granting certain qualified senior residents a measure property tax relief. Fiscal year 2021 is the eighth year of the program. The exemption is similar to the Residential Tax Exemption in that it shifts the tax burden from qualified residential property owners to other residential property owners. For Fiscal year 2014, the statute limited the total exemptions granted under the pilot program to a dollar cap equal to 0.5% of the residential levy (after any CIP shift). For Fiscal year 2020, the Selectmen voted to increase the cap to 0.5189%. For fiscal year 2021, Selectmen have the option, if needed, to increase this percentage up to and including 1.0%.

Applications are required, and the Assessors administer this program for all applicants deemed qualified by the Board of Assessors. For fiscal year 2021, the Assessors received 102 applications and the Board of Assessors identified 101 applicants tentatively qualified to receive the exemption. In order for the Assessors to complete the necessary calculations, the Board of Selectmen must first vote the Residential Factor and CIP shift values for fiscal year 2021 in the Classification Hearing. That vote will determine a tentative residential tax rate, which will then be used in the calculations and result in an increase in the tentative residential tax rate.

For fiscal year 2021, the indicated need seems to point to a cap on the percentage of residential tax levy required to fund the program may be approximately the same as last year. Our calculations indicate the cap on the exemption percentage of the residential tax levy of .5\_\_\_\_% should be sufficient to fund the program for Fiscal year 2021. The exact percentage will be based upon the voted residential factor.

The Act also provides an alternative to increasing the cap, whereby the income threshold may be adjusted above the nominal 10.0% until the need is reduced to fall within the cap.

Suggested Motion:

Vote in accordance with Chapter 169 of the Acts of 2012, the total FY2021 cap on the exemptions granted by the Means Tested Senior Tax Exemption shall be. \_\_\_% of the residential property tax levy.



## Addendum B - More Tax Rate Options

CIP Shift	Res Factor	Res ET	Comm ET
1.0000	1.0000	19.21	19.21
1.0100	0.9992	19.19	19.40
1.0200	0.9985	19.18	19.59
1.0300	0.9977	19.17	19.79
1.0400	0.9970	19.15	19.98
1.0500	0.9962	19.14	20.17
1.0600	0.9955	19.12	20.36
1.0700	0.9947	19.11	20.55
1.0800	0.9940	19.09	20.75
1.0900	0.9932	19.08	20.94
1.1000	0.9925	19.07	21.13
1.1100	0.9917	19.05	21.32
1.1200	0.9910	19.04	21.51
1.1300	0.9902	19.02	21.71
1.1400	0.9895	19.01	21.90
1.1500	0.9887	18.99	22.09
1.1600	0.9880	18.98	22.28
1.1700	0.9872	18.96	22.47
1.1800	0.9865	18.95	22.67
1.1900	0.9857	18.94	22.86
1.2000	0.9850	18.92	23.05
1.2100	0.9842	18.91	23.24
1.2200	0.9835	18.89	23.44
1.2300	0.9827	18.88	23.63
1.2400	0.9820	18.86	23.82
1.2500	0.9812	18.85	24.01
1.2600	0.9805	18.83	24.20
1.2700	0.9797	18.82	24.40
1.2800	0.9790	18.81	24.59
1.2900	0.9782	18.79	24.78
1.3000	0.9775	18.78	24.97
1.3100	0.9767	18.76	25.16
1.3200	0.9760	18.75	25.36
1.3300	0.9752	18.73	25.55
1.3400	0.9745	18.72	25.74
1.3500	0.9737	18.70	25.93
1.3600	0.9730	18.69	26.12
1.3700	0.9722	18.68	26.32

1.3800	0.9715	18.66	26.51
1.3900	0.9707	18.65	26.70
1.4000	0.9700	18.63	26.89
1.4100	0.9692	18.62	27.09
1.4200	0.9685	18.60	27.28
1.4300	0.9677	18.59	27.47
1.4400	0.9670	18.57	27.66
1.4500	0.9662	18.56	27.85
1.4600	0.9655	18.55	28.05
1.4700	0.9647	18.53	28.24
1.4800	0.9640	18.52	28.43
1.4900	0.9632	18.50	28.62
1.5000	0.9625	18.49	28.81

## ADDENDUM C

### COMMERCIAL TAX HISTORY

#### 8 Year Commercial Tax History

Year	2020	2019	2018	2017	2016	2015	2014	2013
	0.02497	0.0243	0.0243	0.02501	0.02511	0.02488	0.02494	0.02352
Total Nominal Class 3 Value	170,374,100	179,785,300	163,787,100	152,885,900	145,360,600	138,774,900	138,349,700	138,828,500
Parcel Count	188	189	190	187	188	186	186	187
Av Value	906245	951245	862037	817572	773195	746102	743816	742398
Av Com Tax Bill	22,629	23,115	21,560	19,867	19,415	18,563	18,551	17,461

## **ADDENDUM D**

### **OVERLAY**

Approximate (not certified) Overlay balance \$467,787 as of 6/20/2020.