

IN BOARD OF SELECTMEN
THURSDAY, MARCH 22, 2001
SPECIAL MEETING

Present: Chairman Kirsten D. Roopenian and Lawrence W. O'Brien, Selectmen.

The statutory requirements as to notice having been complied with, the meeting was convened by Chairman Roopenian at 7:00 p.m. in the Town Hall, 322 Concord Road.

Fiscal Year 2000-2001 - Tax Classification/Tax Rate Public Hearing

Present: Chairman Joseph Nugent, Trevor Haydon, and David Berry, Board of Assessors; Maureen Hafner, Director of Assessing; Cynthia Gerry, Assistant Assessor; Ralph Tyler, 1 Deacon Lane; Ronald A. Stephan, Ronald Remillard, and G. Burton Mullen, Sudbury Chamber of Commerce.

Chairman Kirsten Roopenian re-opened the Public Hearing, continued without discussion on March 12, 2001, for the purpose of determining what percentage of the local tax levy will be borne by each class of real and personal property relative to setting the Fiscal Year 2001 tax rate, and read the hearing notice which was published on March 1, 2001 in the *Sudbury Town Crier* and on March 9, 2001 in the *Metrowest Daily News*.

Ms. Maureen Hafner, Director of Assessing, explained that a revaluation of all properties to market value had been completed, and this year Patriot Properties, Inc. had been hired to do the analysis of commercial and industrial properties. She expressed confidence in the work of Patriot's analyst James McCathern, who had performed this function for 51 Massachusetts towns this year. As a result of the revaluation, commercial and industrial values increased significantly, and residential values increased as well. In later discussion, it was noted the revised average assessments are: \$426,500 for Residential and \$635,300 for Commercial.

Ms. Hafner distributed information booklets to all present and reviewed each page of the material, describing the process of determining the tax levy; the FY01 property values in each classification totaling \$2,513,707,120, a 20.49% increase; the three alternatives which the Selectmen must consider in setting the tax rate (the residential factor; an open space discount, and a residential and/or small commercial exemption); the Minimum Residential Factor computed for Sudbury (96.2974%); a chart of comparative tax shifts of surrounding communities; Sudbury's history of tax shifts since FY1992; and charts showing projected calculated tax rates using the range of factors.

She stated the Board of Assessors at this time does not classify any property as Open Space and described the process necessary to create this classification, which would then exist in all types of classification districts. She pointed out that to choose a residential exemption would increase taxes on homes over \$400,000. Likewise, a small business exemption would impact on the larger businesses, while there were not many businesses to categorize for receipt of the benefit. Selectman O'Brien expressed agreement with Ms. Hafner's analysis.

Ms. Hafner described the effects of the maximum and minimum residential factors; i.e., a residential factor of 1 (flat or single rate) would increase residential rates 14.95% and decrease CIP (Commercial, Industrial and Personal Property) 17.62%; and a minimum residential factor of 0.963 and CIP factor of 1.5 would mean increasing residential rates by 10.78% and increasing CIP rates 22.75%. An equal increase for both sectors would be attained by a CIP factor of about 1.35-1.36.

Selectman O'Brien raised the prospect of a downturn in the economy decreasing values of commercial properties and shifting more of the tax burden onto the residential properties if their values do not decrease at the same level, and he questioned whether their decision should have protection against this event built into it. There was some discussion. Assessor Nugent did not believe the Board of Assessors should give advice. Assessor Berry expressed his personal opinion a downturn will be likely to affect everyone.

Mr. Ronald Stephan, President, Sudbury Chamber of Commerce, reviewed a survey he had done of 25 area towns. In reviewing the history of Sudbury's tax shifts, Mr. Stephan said about 19-20 years ago the single rate was changed to a 1.75 CIP factor which remained constant for approximately ten years. He stated Sudbury has been slowly reducing the CIP factor since 1991 and urged equalizing commercial and residential rates. He stressed commercial growth has been nil and the goal has been to grow the commercial tax base. He noted his own taxes had increased 35%.

Resident Ralph Tyler made the following points:

1. There is a difference between taxes - the tax for residential is a "use" tax, for consumption, while the tax for business is paying for the right or privilege to do business in Sudbury.
2. With more business, there would be the burden of more traffic and other problems.
3. He suggested utilizing the small commercial exemption instead of lowering the CIP factor.
4. A 50% increase in commercial business will not change the tax burden much.
5. Businesses do not leave or come into town because of the tax rate.
6. He recommended use of the residential exemption to help lower income families to shift the burden to higher valued properties.
7. In closing, he recommended going up to a 1.45 CIP factor.

Mr. G. Burton Mullen pointed out Concord has a single tax rate. Mr. Berry commented that Concord receives a great deal from having the prison which makes Concord's situation very different.

Assessor David Berry, speaking as a resident and not for the Board of Assessors, said he thought there should be a reduction in the CIP factor at this time....something lower than 1.35/6.

Assessor Chairman Nugent stressed the Board of Assessors expresses no opinion, as it must not give any appearance of favoritism.

Mr. Mullen noted the assessment for his bank kiosk went up 60%. Ms. Hafner urged him to contact her office to look into this for an explanation.

Chairman Roopenian stated the Selectmen must make their decision by looking at the community as a whole and commented the small commercial exemption may be something that should be looked into again.

Mr. Nugent pointed out that a very limited number of communities have adopted the optional exemptions, thus he questioned how good these programs really are.

Chairman Roopenian closed the period for public comment and opened deliberation by the Board.

At the close of discussion, the following action was taken relative to setting the FY2001 tax rate.

It was on motion by Chairman Roopenian unanimously

VOTED: To not adopt an Open Space discount.

On motion by Selectman O'Brien, with a consensus to look at the Residential Exemption in conjunction with circuit breaker legislation for the future, it was unanimously

VOTED: To not establish a Residential Exemption.

In making the above decision, Selectman O'Brien recommended that the Board work with the seniors to make them aware of all tax deferral and exemption options currently available to them, and further, to set all of these out on a spread sheet as a package to review them collectively in conjunction with the residential exemption option.

On motion by Selectman O'Brien, noting the structure of Sudbury's commercial business does not apply to a great extent to this exemption category, it was unanimously

VOTED: To not establish a Small Commercial Exemption.

Next, the Board discussed determination of a Residential Factor.

Town Manager Maureen Valente reported on input received from Selectman Drobinski by telephone today: Mr. Drobinski preferred a choice of factor which would place an equal tax increase on both business and residential sectors - in the 1.35/6 range, saying both sectors should share the same amount of growth in the tax burden. Mr. Drobinski had expressed confidence in the judgment of his colleagues.

Selectman O'Brien stated he had been thinking the CIP factor should be 1.32, or perhaps 1.30. Chairman Roopenian said she preferred a 1.33 or 1.34 factor. Agreement was reached on a compromise of 1.32.

On motion by Selectman O'Brien, it was unanimously

VOTED: To set a Residential Factor of 0.976304 and a CIP factor of 1.32.

It was further, on motion unanimously

VOTED: To sign the Department of Revenue, Bureau of Accounts, Classification Tax Allocation Form LA-5 declaring the excess levy capacity as provided by the Board of Assessors, in connection with the foregoing votes to set the FY2001 tax rate.

The meeting was adjourned at 8:45 p.m.

Attest: _____
Maureen G. Valente
Town Manager-Clerk