

**SUDBURY BOARD OF SELECTMEN**  
**AGENDA**  
**TUESDAY, NOVEMBER 26, 2013**  
**7:30 PM, Lower Town Hall, 322 Concord Road**

1. 7:30      Report from Board of Assessors on Means Tested Senior Tax Exemption Program, and question  
**Vote**      of thanking all who worked to bring the program to Sudbury
  
2. 7:35      PUBLIC HEARING - Tax Classification - In accordance with General Laws Ch. 40, sec. 56,  
**Vote**      as amended, to determine the percentage of local tax levy which will be borne by each class of  
             real and personal property, relative to setting the Fiscal Year 2014 tax rate.  
             *Notices were published on Nov. 14 and Nov. 21 in the Sudbury Town Crier.*  
             *(The Board of Assessors, Harald Scheid, Regional Director of Assessing, and Cynthia Gerry, Director of Assessing*  
             *will attend.)*

*These agenda items are those reasonably anticipated by the Chair which may be discussed at the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.*

# AGENDA REQUEST – Item #1

## BOARD OF SELECTMEN

### **Requestor's Section**

**Item Name:** *Presentation from Board of Assessors on Sudbury's Pilot Means Tested Senior Tax Exemption Program and opportunity to recognize and thank those who worked to bring this program into existence*

**Date of request:** *November 21, 2013*

**Requestor:** *Maureen Valente, Town Manager*

**Action requested (Who, what, when, where and why):**

*No votes by the Board are required, except to thank the many people who were involved in envisioning the program, studying it on behalf of the Board, developing an implementation methodology to make it work, and getting the program enacted into law.*

**Financial impact expected:** *The presentation will provide information about this*

**Background information (if applicable, please attach if necessary):**

*A brief report on the program is attached*

**Recommendations/Suggested Motion/Vote:**

*To thank all those who worked on this program*

**Person(s) expected to represent Requestor at Selectmen's Meeting:**

*The Board of Assessors will make the presentation.*

### **Selectmen's Office Section**

**Date of Selectmen's Meeting:** **11/26/13**

**Board's action taken:**

**Follow-up actions required by the Board of Selectmen or Requestor:**

**Future Agenda date (if applicable):**

**Distribution:**

**Town Counsel approval needed?**

**Yes (X)**

**No ( )**

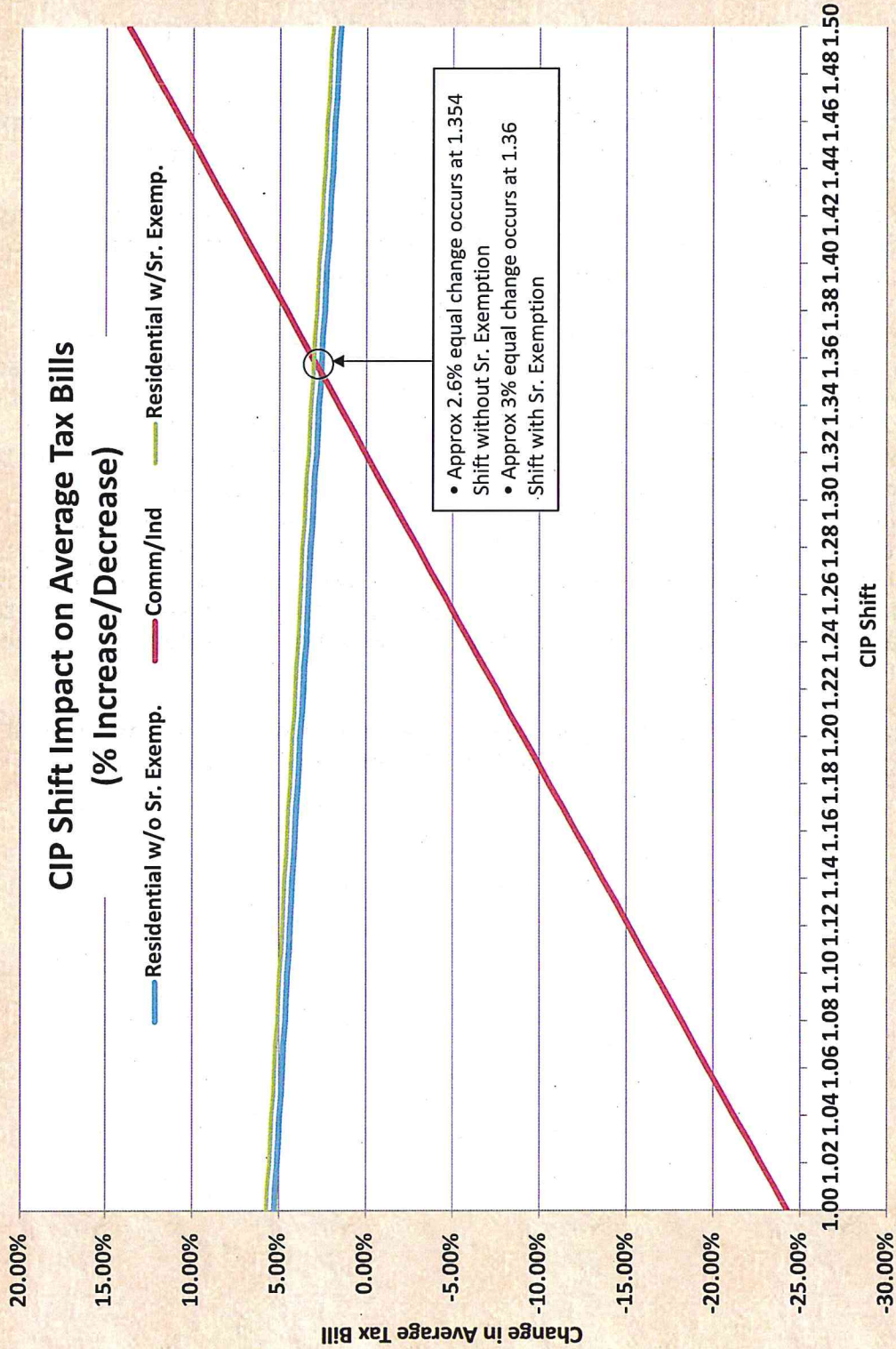
ADDENDUM  
SUDBURY'S MEANS TESTED SENIOR TAX EXEMPTION

Massachusetts Chapter 169 of the Acts of 2012 established a pilot program in Sudbury for granting certain qualified senior residents a measure property tax relief. FY14 is the first year of implementing the 3-year pilot 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 FY14, the total amount of shifted assessed value is limited to no more than 0.5% of the residential levy (after any CIP shift).

Applications are required, and the Assessors administer this program for all applicants deemed qualified by the Board of Assessors. For FY14, the Assessors received 124 applications and the Board of Assessors identified 118 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 FY14 in the Classification Hearing. That vote will determine a tentative residential tax rate, which will then be used in the calculations and result in a slight increase in the tentative residential tax rate. At this point we estimate the rate increase for FY14 will be about 0.4%. Once the rate is finalized and input into the DOR's tax recap program, the Assessors will return to the Board of Selectmen to request ratification of all final tax rates (both Residential and CIP).

The attached charts reflect the estimated interplay between the Classification Hearing decision and the new Means Tested Senior Tax Exemption for FY14.

### CIP Shift Impact on Average Tax Bills (% Increase/Decrease)



- Approx 2.6% equal change occurs at 1.354 Shift without Sr. Exemption
- Approx 3% equal change occurs at 1.36 Shift with Sr. Exemption

## OPTIONS SUMMARY

| CLASS         | VALUE                | PERCENTAGE       |                                |
|---------------|----------------------|------------------|--------------------------------|
| Residential   | 3,695,489,903        | 93.3067%         | <b>R &amp; O %</b><br>93.3067% |
| Open Space    | 0                    | 0.0000%          |                                |
| Commercial    | 146,588,764          | 3.7012%          | <b>CIP %</b><br>6.6933%        |
| Industrial    | 51,549,800           | 1.3016%          |                                |
| Personal Prop | 66,955,670           | 1.6906%          |                                |
| <b>Total</b>  | <b>3,960,584,137</b> | <b>100.0000%</b> |                                |

| CLASSIFICATION ASSUMPTIONS    |
|-------------------------------|
| No Residential Exemption      |
| No Small Commercial Exemption |

### TAX RATE RESULTS

|              |                 |
|--------------|-----------------|
| \$72,954,580 | Estimated Levy  |
| \$18.42      | Single Tax Rate |

| CIP Shift | Res Factor | Share %  |         | Estimated Tax Rates |         |
|-----------|------------|----------|---------|---------------------|---------|
|           |            | Res      | CIP     | Res                 | CIP     |
| 1.000     | 100.0000   | 93.30669 | 6.6933  | \$18.42             | \$18.42 |
| 1.100     | 99.2827    | 92.63736 | 7.3626  | \$18.29             | \$20.26 |
| 1.200     | 98.5653    | 91.96803 | 8.0320  | \$18.16             | \$22.10 |
| 1.300     | 97.8480    | 91.2987  | 8.7013  | \$18.03             | \$23.95 |
| 1.400     | 97.1306    | 90.62936 | 9.3706  | \$17.90             | \$25.79 |
| 1.500     | 96.4133    | 89.96003 | 10.0400 | \$17.76             | \$27.64 |
| * 1.280   | 97.9950    | 91.43591 | 8.5641  | \$18.06             | \$23.57 |
| ** 1.354  | 97.4606    | 90.93726 | 9.0627  | \$17.96             | \$24.95 |
| *** 1.360 | 97.4176    | 90.8971  | 9.1029  | \$17.95             | \$25.06 |

\*FY13 Shift

\*\*FY14 Shift for equal % increase in Average RES and CIP tax bills w/o Sr. Exemption

\*\*\*FY14 Shift for equal % increase in Average RES and CIP tax bills w/ Sr. Exemption

# AGENDA REQUEST – Item #2

## BOARD OF SELECTMEN

### **Requestor's Section**

**Item Name:** *Tax Classification Public Hearing*

**Date of request:** *November 21, 2013*

**Requestor:** *Maureen Valente, Town Manager*

**Action requested (Who, what, when, where and why):**

*In accordance with General Laws Ch. 40, sec.56, as amended, vote to determine the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2014 tax rate.*

**Financial impact expected:** *The overall levy has already been determined by Town Meeting votes and appropriations. The classification hearing does not change those votes or appropriations.*

**Background information (if applicable, please attach if necessary):**

*A report is attached*

**Recommendations/Suggested Motion/Vote:**

*The wording for votes the Board might take as required by this public hearing are contained in the tax classification hearing report.*

**Person(s) expected to represent Requestor at Selectmen's Meeting:**

*The Board of Assessors will make the presentation.*

### **Selectmen's Office Section**

**Date of Selectmen's Meeting:**            **11/26/13**

**Board's action taken:**

**Follow-up actions required by the Board of Selectmen or Requestor:**

**Future Agenda date (if applicable):**

**Distribution:**

|                                      |                |               |
|--------------------------------------|----------------|---------------|
| <b>Town Counsel approval needed?</b> | <b>Yes (X)</b> | <b>No ( )</b> |
|--------------------------------------|----------------|---------------|

# TOWN OF SUDBURY



## **FISCAL 2014 CLASSIFICATION HEARING**

***November 26, 2013***

***Board of Selectmen***  
***John C. Drobinski, Chair***  
***Charles Woodard, Vice Chair***  
***Robert C. Haarde***  
***Lawrence W. O'Brien***  
***Leonard A. Simon***

***Board of Assessors***  
***Liam J. Vesely, Chair***  
***Joshua M. Fox***  
***Trevor A. Haydon***

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## INTRODUCTION

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Each year, prior to the mailing of the actual tax bills, the Board of Selectmen holds a public hearing to discuss and decide on the distribution of the tax burden among the various classes of property. This Classification Hearing booklet provides information concerning the Levy amount, the assessment classifications, and the tax rate setting options.

The actions needed to complete the process, and the responsible party, are summarized below:

- Step 1: Determination of the Levy (Assessors)
- Step 2: Determination of Valuation by Class (Assessors)
- Step 3: Classification Hearing and Presentation (Assessors/Selectmen)
- Step 4: Evaluation of Exemption Options (Selectmen)
- Step 5: Evaluation of Tax Shift Options (Selectmen)
- Step 6: Voting a Tax Shift Option (Selectmen)

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### Step 1: DETERMINATION OF THE TAX LEVY

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The first step in the process is the determination of the levy. The levy is calculated as follows:

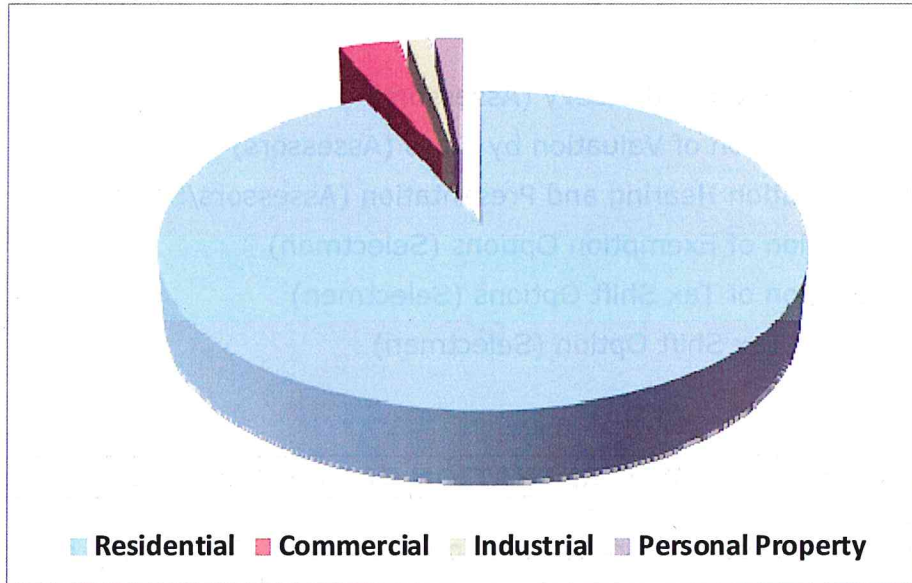
|  | FY2013            | FY2014            |
|--|-------------------|-------------------|
| Town Meeting Appropriations                  | 89,624,450        | 88,171,766        |
| Plus: Other Amounts to be Raised             | 824,249           | 886,904           |
| Equals: Total Budget                         | 90,448,699        | 89,058,670        |
| Less: Local Receipts and Other Funding       | (19,422,289)      | (16,104,090)      |
| Equals: Amount to be Raised Through Taxation |                   |                   |
| <b>The Levy</b>                              | <b>71,026,410</b> | <b>72,954,580</b> |

*Source: Tax Recap Data on Massachusetts Department of Local Services Website*

**Step 2: DETERMINATION OF VALUATION BY CLASS**

The Assessors finalize all assessments and group them into the classes. The data will then be used to determine the allocation of the tax burden among the four real property classes and the personal property class.

The chart and table below show the assessed valuations for FY14.



| Class             | Value                | Percent          | Percent          |
|-------------------|----------------------|------------------|------------------|
| Residential       | 3,695,489,903        | 93.3067%         | 93.3067%         |
| Open Space        | -                    | 0.0000%          |                  |
| Commercial        | 146,588,764          | 3.7012%          | 6.6933%          |
| Industrial        | 51,549,800           | 1.3016%          |                  |
| Personal Property | 66,955,670           | 1.6906%          |                  |
| <b>Total</b>      | <b>3,960,584,137</b> | <b>100.0000%</b> | <b>100.0000%</b> |

*Source: Massachusetts Department of Revenue Form LA-4*

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### **Step 3: HOLDING A CLASSIFICATION HEARING**

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In conjunction with the Board of Assessors, the Board of Selectmen holds a Public Hearing regarding FY14 Tax Classification to discuss the distribution of the tax burden among the various classes of property. This Classification Hearing document provides information relevant to that discussion.

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### **Step 4: EVALUATION OF EXEMPTION OPTIONS**

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In addition to deciding the share of the levy to be borne by the residential, commercial, industrial and personal property classes, the Classification Hearing allows the Board of Selectmen to consider alternatives with respect to certain property tax exemptions. The Board's decision must be submitted to the Department of Revenue (LA5). The alternatives available to be voted by all Massachusetts municipalities are:

- Residential Exemption
- Small Commercial Exemption
- Open Space Discount

Information concerning each alternative, as well as a list of communities which have implemented them, follows.

#### **RESIDENTIAL EXEMPTION**

In the past, the Board has voted not to adopt the Residential Exemption described in this section. Because Sudbury's new Means Tested Senior Exemption uses a special form of the state residential exemption, during the 3-year pilot period it may not be possible to also adopt the Residential Exemption described here. However, a vote is still needed, and the description below is included for completeness.

Adopting the Residential Exemption would allow the Selectmen to exempt from qualified Class I properties a percentage of the average assessed value of all Class I properties. The exemption can be as high as twenty (20%) percent of the average assessed value of all Class I properties. To compensate for the reduction in valuations of Class I properties receiving the exemption, the tax rate for the residential class must increase. That is because the total taxes to be levied on Class I properties must remain within that class, and cannot be shifted onto properties classified as Commercial, Industrial or Personal (CIP). Since the residential exemption redistributes the burden *within* the residential class, the CIP tax rate is not affected by a Residential Exemption.

Currently, thirteen Massachusetts cities and towns have 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 by the property owner as the owner's principal residence or are held for investment. Assuming the maximum exemption allowance, the FY14 exemption value would be \$119,711 for qualifying properties. It would apply to owner occupied residential properties. A study documented in the November 2011 Residential Exemption Report indicated that about 83% of Sudbury's residential property owners would meet the statutory requirements to qualify for the exemption. A small percent of homeowners and all residential land owners would not receive the benefit.

Although some owner occupied properties would receive an exemption of up to 20%, the tax rate for the entire residential class would increase. As a result, while some properties would receive a tax reduction under the Residential Exemption option, we estimate the FY14 tax bill would rise even for qualified properties with assessments above a breakeven assessment of about \$723K (including primary residences, apartments and other vacant land). In addition, the tax bill for all non-qualified properties (about 17% of residential properties) would see an increase.

The following table assumes a CIP factor of **1.28** with a residential rate of **18.06** for illustrative purposes only.

| Residential Exemption Example                  |         |          |                  |
|--|---------|----------|------------------|
| Average FY14 SFR Assessment                    | Rate    | Tax      | Exemption Amount |
| \$640,277                                      | \$18.06 | \$11,563 | \$0              |
| Average FY14 SFR Assessment with 20% Exemption | Rate    | Tax      | Exemption Amount |
| \$520,566                                      | \$21.64 | \$11,265 | \$119,711        |

The companion *Residential Exemption Report* contains further details on the potential impacts of adopting this exemption, and can be found on the Town website: [www.town.sudbury.ma.us](http://www.town.sudbury.ma.us).

#### SMALL COMMERCIAL EXEMPTION

An exemption of up to **10%** of the property valuation can be granted to certain *commercial (not industrial)* property, which meets the requirements of the law. To receive a small commercial exemption granted for the fiscal year, a Class 3 (Commercial) parcel must be occupied as of January 1 by a business with an average annual employment of no more than 10 *at all locations* during the previous calendar year, and have a valuation of less than \$1,000,000. The commercial parcel must be occupied by an eligible business as of the January 1 assessment date for the fiscal year the exemption is granted. It does not have to be owned by the occupying business. If a parcel has multiple commercial occupants or tenants, all occupants must be eligible businesses. If a parcel is multiple use, such as a residential and commercial property, all occupants of the commercial portion must be eligible businesses. An eligible business must have an average annual employment of 10 or fewer people during the calendar year before the January 1 assessment date for the fiscal year the exemption is granted. Average employment is determined for the business as a whole, not just at the location of the parcel or other parcels within the community.

The assessors administer the small commercial exemption in the same manner as the residential exemption: i.e, applying it before tax billing and without an application from the taxpayer. Unlike the residential exemption, however, the small commercial exemption is based on a percentage of an eligible parcel's valuation, rather than a fixed dollar amount. The assessors value all Class 3 (Commercial) properties at their full and fair cash value and use the total full and fair cash value of the commercial class to compute the minimum residential factor and to determine the levy allocation under classification. If a small commercial exemption is granted, the assessors must then determine the eligible parcels, reduce their valuation by the selected exemption percentage and use the reduced taxable valuation of the commercial class to calculate the tax rate. Any small commercial exemption granted is borne by other Class 3 (Commercial) and Class 4 (Industrial) real property, but not by Personal Property.

For FY14, Sudbury has 45 properties in the Town which meet qualifying standards. Sudbury's nominal commercial class for FY14 hosts 186 accounts. In addition there are 40 mixed use/part commercial, 53 chapter land, and 21 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 \$1,467,040. The associated tax rate increase for all class 3 and class 4 properties has been approximated at fourteen cents (for purposes of illustration we used a factor of 1 in our analysis). The collective tax savings for the 45 accounts is approximately \$25,292 with an average savings of \$562/ account.

Considerations:

- a) The qualifying 45 taxpayers will receive a measurable tax benefit. Other small businesses (not qualifying) will bear the increased burden along with larger commercial and industrial properties.
- b) 24 of the qualifying 45 accounts are commercial condominiums. However within the same condominium complexes 63 units will not make the cut for different reasons. The properties are otherwise quite similar in size, use, and assessment.
- c) 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.

OPEN SPACE EXEMPTION

Massachusetts General Law Chapter 59 Sec. 2A defines Class 2 Open Space as:

"Land which is not otherwise classified and which is not taxable under provisions of chapters sixty-one, sixty-one A or sixty-one B, 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."

A maximum exemption of 25% may be adopted for all property that is classified as Open Space as determined by the Board of Assessors. Since Sudbury has no parcels classified as Open Space, this exemption is not applicable to our Town.

**SUMMARY OF EXEMPTION TYPES**

| <b>Residential Exemption</b>   | <b>Small Commercial Exemption</b>  | <b>Open Space Exemption</b>   |
|--|--|---|
| Principally domiciled residential home owners whose assessment is at or under the break even valuation will benefit from the adoption. | Class 3 (commercial) property with fewer than 10 employees <\$1,000,000, and employing fewer than 10 employees will benefit from the adoption. | Residential Properties, in an open and natural state as determined by the Assessors, not including Chapter Land Program participants, or properties with a perpetual deed restriction will benefit from the adoption. |
| The voted % is removed from the taxable valuation.   | The voted % is removed from the taxable valuation.   | The voted % is removed from the taxable valuation.  |
| The allowable exemption range is up to 20% of the average of residential property types assessment                                     | up to 10% of the assessed value of the qualifying property   | up to 25% of value may be exempt under this provision   |
| Residential Class I properties pay for the Program   | Commercial and Industrial Classes III +IV pay for the Program  | Residential Class I pays for the Program  |
| 13 Municipalities* adopted the exemption for FY 2013 May not be possible to use concurrent with Sudbury's Sr. Tax Exemption            | 6 Municipalities* adopted the exemption for FY 2013  | No Municipalities listed for FY 2013; not applicable to Sudbury.  |

\*See table on next page for list.

MUNICIPALITIES WITH PROPERTY TAX EXEMPTIONS IN FY13

| Count                              | Municipality | Percent Granted |
|------------------------------------|--------------|-----------------|
| <b>RESIDENTIAL EXEMPTIONS</b>      |              |                 |
| 1                                  | BARNSTABLE   | 20%             |
| 2                                  | BOSTON       | 30%             |
| 3                                  | BROOKLINE    | 20%             |
| 4                                  | CAMBRIDGE    | 30%             |
| 5                                  | CHELSEA      | 20%             |
| 6                                  | EVERETT      | 20%             |
| 7                                  | MALDEN       | 10%             |
| 8                                  | NANTUCKET    | 20%             |
| 9                                  | SOMERSET     | 10%             |
| 10                                 | SOMERVILLE   | 30%             |
| 11                                 | TISBURY      | 20%             |
| 12                                 | WALTHAM      | 20%             |
| 13                                 | WATERTOWN    | 20%             |
| <b>SMALL COMMERCIAL EXEMPTIONS</b> |              |                 |
| 1                                  | Avon         | 10%             |
| 2                                  | Bellingham   | 10%             |
| 3                                  | Braintree    | 10%             |
| 4                                  | Somerset     | 10%             |
| 5                                  | Westford     | 10%             |
| 6                                  | Wrentham     | 5%              |

Source: Data Bank Reports on Massachusetts Department of Local Services Website

## VOTING THE EXEMPTIONS

The Selectmen cannot consider an **Open Space Exemption** as the Town does not utilize the Class 2 Open Space Option, therefore the Open Space Exemption cannot be considered and a vote is not justified.

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

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

**Motion:** [Not] to adopt a Residential Exemption for Fiscal Year 2014, or

**Motion:** [To] adopt a Residential Exemption for Fiscal Year 2014 of \_\_\_\_% of the Average of all Residential Value for those eligible residential properties, this will shift the burden within the Residential Class.

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

**Motion:** [Not] adopt the Small Commercial Exemption for Fiscal Year 2014, or

**Motion:** [To] adopt the Small Commercial Exemption for Fiscal Year 2014 of \_\_\_\_% of the Assessed Value of the eligible properties occupied by business (as) on the DET list valued at less than \$1 million, which will shift the burden within the Commercial & Industrial Classes.



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## Step 5: EVALUATION OF TAX SHIFT OPTIONS

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In order to consider a tax rate shift, the residential factor must first be calculated. Following this calculation are data on Sudbury's and other communities tax shift history, tax rate examples and rates which would result from various possible shifts from the Residential class to CIP class.

### THE TAX FACTORS

A residential factor determines the percentage of tax levy paid by residential owners. A residential factor of 1.00 results in all property types being taxed at the same rate. A residential factor less than 1.00 permits the residential class to pay a lower share of the tax burden than the (CIP) class. This is accomplished by increasing the CIP tax rate and lowering the residential tax rate. Refer to the option tables later in this report for examples of this shift.

The RESIDENTIAL FACTOR is simply the number that calculates the percentage of tax burden the residential class will bear.

The MINIMUM RESIDENTIAL FACTOR is the lowest factor allowed to be used in determining the residential share of the tax.

The MAXIMUM SHIFT (150%) is the maximum factor allowed for shifting taxes to the Commercial Industrial and Personal Property classes under the regular classification law.

CHAPTER 200 allows certain communities to tax commercial properties up to a MAXIMUM SHIFT OF 175%. Based on its distribution of values **Sudbury does not qualify** for a maximum of 175% this year.

The table below shows the Minimum Residential Factor calculation:

| Minimum Residential Factor Calculation |          |   |          |            |
|--|----------|---|----------|------------|
| Maximum Share of Levy for CIP          | 150%     | X | 6.6933%  | = 10.0400% |
| Minimum Share of Levy for Res/OS       | 100%     | - | 10.0400% | = 89.9600% |
| Minimum Residential Factor             | 89.9600% | / | 93.3067% | = 96.4133% |

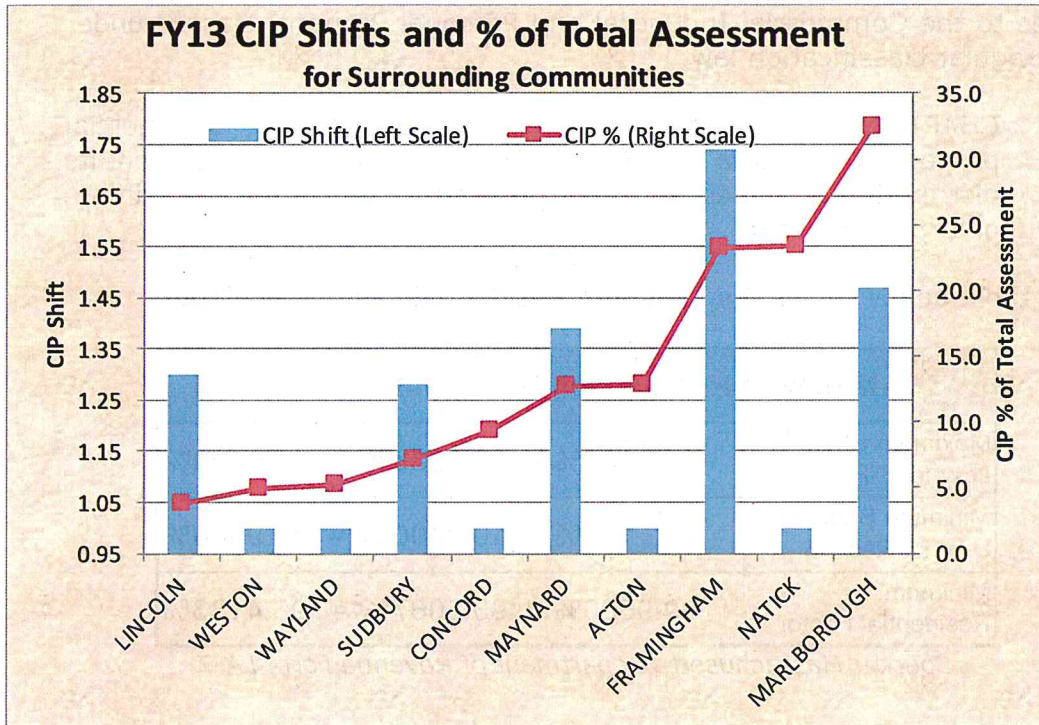
*Source: Massachusetts Department of Revenue Form LA-7*

### COMPARATIVE TAX SHIFTS

| Community   | CIP Shift |       |       |       |       |       |       |       | FY13 Tax Rate |       | FY13 CIP% of Total |
|-------------|-----------|-------|-------|-------|-------|-------|-------|-------|---------------|-------|--------------------|
|             | FY06      | FY07  | FY08  | FY09  | FY10  | FY11  | FY12  | FY13  | CIP           | RES   |                    |
| LINCOLN     | 1.250     | 1.300 | 1.300 | 1.300 | 1.300 | 1.300 | 1.300 | 1.300 | 18.72         | 14.23 | 3.80               |
| WESTON      | 1.000     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 12.40         | 12.40 | 4.90               |
| WAYLAND     | 1.000     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 17.89         | 17.89 | 5.20               |
| SUDBURY     | 1.550     | 1.500 | 1.270 | 1.240 | 1.230 | 1.280 | 1.277 | 1.280 | 23.52         | 17.99 | 7.10               |
| CONCORD     | 1.000     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 14.07         | 14.07 | 9.30               |
| MAYNARD     | 1.750     | 1.570 | 1.570 | 1.500 | 1.468 | 1.438 | 1.390 | 1.390 | 29.55         | 20.05 | 12.70              |
| ACTON       | 1.000     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 19.10         | 19.10 | 12.80              |
| FRAMINGHAM  | 1.900     | 1.830 | 1.750 | 1.750 | 1.750 | 1.750 | 1.750 | 1.740 | 39.98         | 17.84 | 23.20              |
| NATICK      | 1.000     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 14.34         | 14.34 | 23.30              |
| MARLBOROUGH | 1.620     | 1.620 | 1.580 | 1.500 | 1.480 | 1.500 | 1.500 | 1.470 | 28.46         | 15.00 | 32.40              |

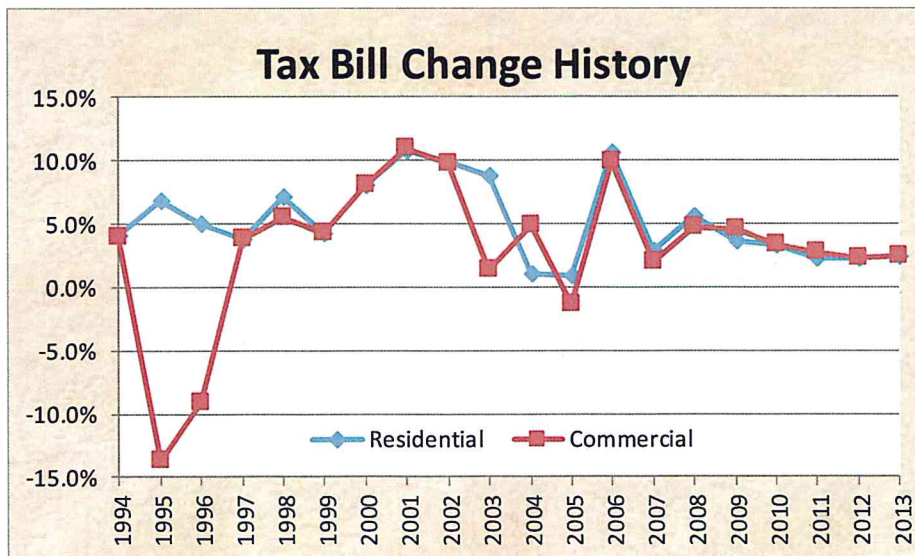
*Source: Data Bank Reports on Massachusetts Department of Local Services Website*

Note: 110 municipalities in the Commonwealth had split tax rates in FY13.



### SUDBURY'S TAX SHIFT HISTORY

| Fiscal Year | Percent Shift | Average Residential Tax Bill Change | Average Commercial Tax Bill Change |
|-------------|---------------|-------------------------------------|------------------------------------|
| 1994        | 155           | 4.10%                               | 4.00%                              |
| 1995        | 150           | 6.90%                               | -13.70%                            |
| 1996        | 140           | 5.00%                               | -9.10%                             |
| 1997        | 140           | 3.80%                               | 3.80%                              |
| 1998        | 140           | 7.20%                               | 5.40%                              |
| 1999        | 140           | 4.30%                               | 4.20%                              |
| 2000        | 139           | 8.10%                               | 8.10%                              |
| 2001        | 132           | 10.80%                              | 11.00%                             |
| 2002        | 132           | 9.81%                               | 9.72%                              |
| 2003        | 130           | 8.76%                               | 1.41%                              |
| 2004        | 150           | 1.00%                               | 4.92%                              |
| 2005        | 148           | 0.94%                               | -1.35%                             |
| 2006        | 155           | 10.57%                              | 9.94%                              |
| 2007        | 150           | 2.90%                               | 1.90%                              |
| 2008        | 127           | 5.65%                               | 4.67%                              |
| 2009        | 124           | 3.70%                               | 4.50%                              |
| 2010        | 123           | 3.30%                               | 3.30%                              |
| 2011        | 128           | 2.30%                               | 2.70%                              |
| 2012        | 128           | 2.26%                               | 2.25%                              |
| 2013        | 128           | 2.45%                               | 2.40%                              |



## TAX RATE EXAMPLES

### Fiscal Year 2013

Using as an example the Fiscal Year 2013 tax rates of \$17.99 (Residential) and \$23.52 (CIP), actual taxes for an average residential dwelling assessed at \$622,862 and an average Commercial/Industrial property assessed at \$948,478 would have been the following:

| Class       | Assessment | Rate    | Tax      |
|-------------|------------|---------|----------|
| RESIDENTIAL | \$622,862  | \$17.99 | \$11,205 |
| COMM/IND    | \$948,478  | \$23.52 | \$22,308 |

### Fiscal Year 2014

Tax rates calculated at the same commercial shift as Fiscal Year 2013 (127.95% CIP) would result in the following:

| Class       | Assessment | Rate    | Tax      | Tax Bill % Change |
|-------------|------------|---------|----------|-------------------|
| RESIDENTIAL | \$640,277  | \$18.06 | \$11,563 | 3.20%             |
| COMM/IND    | \$917,389  | \$23.57 | \$21,623 | -3.07%            |

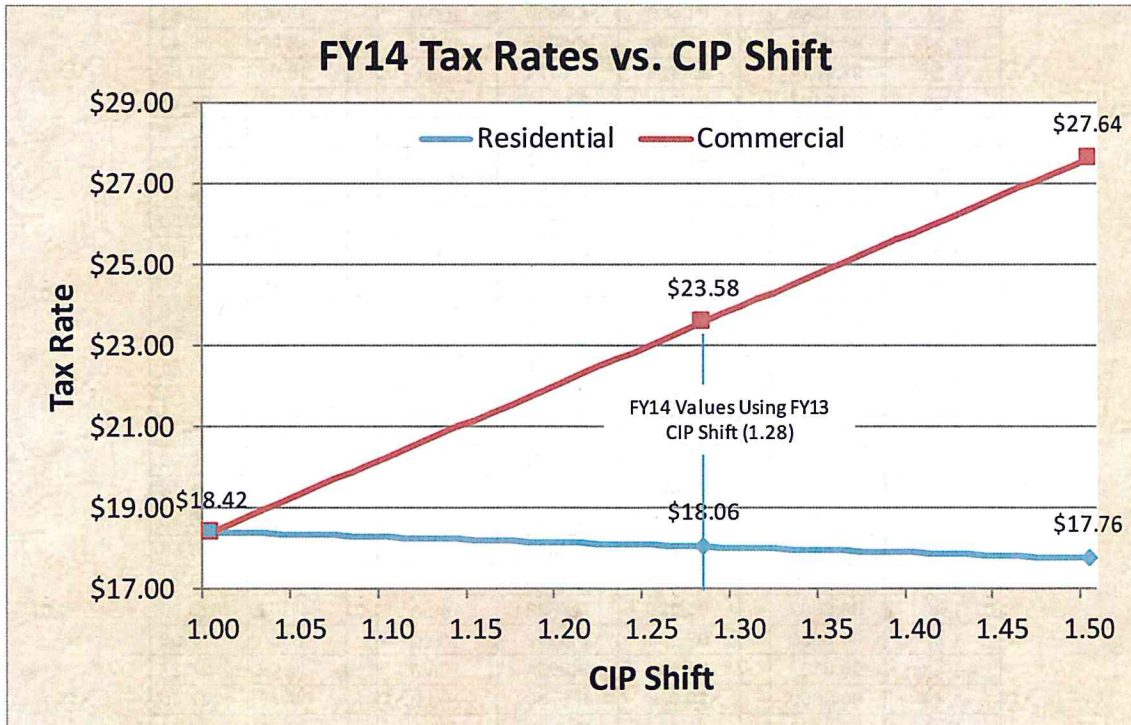
### CLASSIFICATION ASSUMPTIONS

|                            |            |
|----------------------------|------------|
| Residential Exemption      | 0          |
| Small Commercial Exemption | 0          |
| Estimated Levy             | 72,954,580 |
| Single Tax Rate            | 18.42      |

### LEVY SHIFT INCREMENTS

For each 1% increase in CIP Shift, the levy will decrease for residential properties and increase for CIP properties by the amounts highlighted below. So for FY14, for each 1% increase in CIP Shift, the residential tax rate will decrease by 1 cent and the CIP tax rate will increase by 18 cents.

| CIP Shift | Res Factor | Share Percentages |        |       | Levy Amount |           |            | Est. Tax Rate |       |
|-----------|------------|-------------------|--------|-------|-------------|-----------|------------|---------------|-------|
|           |            | Res               | CIP    | Tot.  | Res         | CIP       | Tot.       | Res           | CIP   |
| 1.00      | 100.0000   | 93.3067           | 6.6933 | 100.0 | 68,071,503  | 4,883,077 | 72,954,580 | 18.42         | 18.42 |
| 0.01      |            | (0.0669)          | 0.0669 |       | (48,831)    | 48,831    |            | (0.01)        | 0.18  |
| 1.01      | 99.9283    | 93.2398           | 6.7602 | 100.0 | 68,022,672  | 4,931,908 | 72,954,580 | 18.41         | 18.60 |



Note: Max 1.50 CIP Shift would result in a \$9.88 difference in tax rates.

## FY2014 FACTORS AND RATE OPTIONS

| Factors   |            | Share % |         |       | Est. Tax Rates |       |
|-----------|------------|---------|---------|-------|----------------|-------|
| CIP Shift | Res Factor | Res     | CIP     | Total | Res            | CIP   |
| 1.00      | 100.0000   | 93.307  | 6.6933  | 100.0 | 18.42          | 18.42 |
| 1.01      | 99.9283    | 93.240  | 6.7602  | 100.0 | 18.41          | 18.60 |
| 1.02      | 99.8565    | 93.173  | 6.8272  | 100.0 | 18.39          | 18.79 |
| 1.03      | 99.7848    | 93.106  | 6.8941  | 100.0 | 18.38          | 18.97 |
| 1.04      | 99.7131    | 93.039  | 6.9610  | 100.0 | 18.37          | 19.16 |
| 1.05      | 99.6413    | 92.972  | 7.0280  | 100.0 | 18.35          | 19.34 |
| 1.06      | 99.5696    | 92.905  | 7.0949  | 100.0 | 18.34          | 19.53 |
| 1.07      | 99.4979    | 92.838  | 7.1618  | 100.0 | 18.33          | 19.71 |
| 1.08      | 99.4261    | 92.771  | 7.2288  | 100.0 | 18.31          | 19.89 |
| 1.09      | 99.3544    | 92.704  | 7.2957  | 100.0 | 18.30          | 20.08 |
| 1.10      | 99.2827    | 92.637  | 7.3626  | 100.0 | 18.29          | 20.26 |
| 1.11      | 99.2109    | 92.570  | 7.4296  | 100.0 | 18.27          | 20.45 |
| 1.12      | 99.1392    | 92.503  | 7.4965  | 100.0 | 18.26          | 20.63 |
| 1.13      | 99.0675    | 92.437  | 7.5634  | 100.0 | 18.25          | 20.81 |
| 1.14      | 98.9957    | 92.370  | 7.6304  | 100.0 | 18.24          | 21.00 |
| 1.15      | 98.9240    | 92.303  | 7.6973  | 100.0 | 18.22          | 21.18 |
| 1.16      | 98.8522    | 92.236  | 7.7642  | 100.0 | 18.21          | 21.37 |
| 1.17      | 98.7805    | 92.169  | 7.8312  | 100.0 | 18.20          | 21.55 |
| 1.18      | 98.7088    | 92.102  | 7.8981  | 100.0 | 18.18          | 21.74 |
| 1.19      | 98.6370    | 92.035  | 7.9650  | 100.0 | 18.17          | 21.92 |
| 1.20      | 98.5653    | 91.968  | 8.0320  | 100.0 | 18.16          | 22.10 |
| 1.21      | 98.4936    | 91.901  | 8.0989  | 100.0 | 18.14          | 22.29 |
| 1.22      | 98.4218    | 91.834  | 8.1658  | 100.0 | 18.13          | 22.47 |
| 1.23      | 98.3501    | 91.767  | 8.2328  | 100.0 | 18.12          | 22.66 |
| 1.24      | 98.2784    | 91.700  | 8.2997  | 100.0 | 18.10          | 22.84 |
| 1.25      | 98.2066    | 91.633  | 8.3666  | 100.0 | 18.09          | 23.03 |
| 1.26      | 98.1349    | 91.566  | 8.4336  | 100.0 | 18.08          | 23.21 |
| 1.27      | 98.0632    | 91.499  | 8.5005  | 100.0 | 18.07          | 23.40 |
| 1.28      | 97.9914    | 91.433  | 8.5674  | 100.0 | 18.06          | 23.58 |
| 1.29      | 97.9197    | 91.366  | 8.6344  | 100.0 | 18.04          | 23.77 |
| 1.30      | 97.8480    | 91.299  | 8.7013  | 100.0 | 18.03          | 23.95 |
| 1.31      | 97.7762    | 91.232  | 8.7682  | 100.0 | 18.02          | 24.14 |
| 1.32      | 97.7045    | 91.165  | 8.8352  | 100.0 | 18.00          | 24.32 |
| 1.33      | 97.6328    | 91.098  | 8.9021  | 100.0 | 17.99          | 24.50 |
| 1.34      | 97.5610    | 91.031  | 8.9690  | 100.0 | 17.98          | 24.69 |
| 1.35      | 97.4893    | 90.964  | 9.0360  | 100.0 | 17.96          | 24.87 |
| 1.36      | 97.4176    | 90.897  | 9.1029  | 100.0 | 17.95          | 25.06 |
| 1.37      | 97.3458    | 90.830  | 9.1698  | 100.0 | 17.94          | 25.24 |
| 1.38      | 97.2741    | 90.763  | 9.2368  | 100.0 | 17.92          | 25.42 |
| 1.39      | 97.2024    | 90.696  | 9.3037  | 100.0 | 17.91          | 25.61 |
| 1.40      | 97.1306    | 90.629  | 9.3706  | 100.0 | 17.90          | 25.79 |
| 1.41      | 97.0589    | 90.562  | 9.4376  | 100.0 | 17.88          | 25.98 |
| 1.42      | 96.9871    | 90.495  | 9.5045  | 100.0 | 17.87          | 26.16 |
| 1.43      | 96.9154    | 90.429  | 9.5714  | 100.0 | 17.86          | 26.35 |
| 1.44      | 96.8437    | 90.362  | 9.6384  | 100.0 | 17.84          | 26.53 |
| 1.45      | 96.7719    | 90.295  | 9.7053  | 100.0 | 17.83          | 26.71 |
| 1.46      | 96.7002    | 90.228  | 9.7722  | 100.0 | 17.82          | 26.90 |
| 1.47      | 96.6285    | 90.161  | 9.8392  | 100.0 | 17.80          | 27.08 |
| 1.48      | 96.5567    | 90.094  | 9.9061  | 100.0 | 17.79          | 27.27 |
| 1.49      | 96.4850    | 90.027  | 9.9730  | 100.0 | 17.78          | 27.45 |
| 1.50      | 96.4133    | 89.960  | 10.0400 | 100.0 | 17.76          | 27.64 |

## EQUALIZING THE TAX IMPACT

Although there is a continuous range of possible values between 1.0 and 1.5, in recent years the Board of Selectmen has focused on determining that value of CIP shift (and corresponding Residential Factor) that would equalize the year-to-year percentage change in the average single family residential tax bill and the average commercial/industrial tax bill. It can be shown that this equalization occurs at a CIP shift value of

$$C = (AV_r \times A_t) / (A_r \times AV_c \times R_t + AV_r \times A_c)$$

where:

| Symbol          | Description   | Current Value |
|-----------------|---|---------------|
| AV <sub>r</sub> | Current Year Average Single Family Residential Assessed Valuation   | 640,277       |
| A <sub>t</sub>  | Current Year Total Assessed Valuation (All Properties)              | 3,960,584,137 |
| A <sub>r</sub>  | Current Year Total Assessed Valuation of all Residential Properties | 3,695,489,903 |
| AV <sub>c</sub> | Current Year Average Assessed Valuation of CI Properties            | 917,389       |
| R <sub>t</sub>  | Ratio of prior year's average SFR tax bill to average CI tax bill   | 0.502295      |
| A <sub>c</sub>  | Current Year Total Assessed Valuation of all CIP Properties         | 265,094,234   |

With a corresponding Residential Factor value of

$$RF = L_t \times (1 - C \times A_c / A_t) / L_r$$

where:

| Symbol         | Description   | Current Value    |
|----------------|---|------------------|
| L <sub>t</sub> | Current Year Total Levy                                     | 72,954,580       |
| C              | Current Year CIP Shift                                      | Calculated Above |
| A <sub>c</sub> | Current Year Total Assessed Valuation of all CIP Properties | 265,094,234      |
| A <sub>t</sub> | Current Year Total Assessed Valuation (All Properties)      | 3,960,584,137    |
| L <sub>r</sub> | Current Year Total Residential Levy Without a CIP Shift     | 68,071,503       |

Using the current values in this report, the above equations yield the following results (with adjustments for rounding effects in the tax setting process):

C = 1.354  
RF = 0.974606 (aka 97.4606%)

FY2014 RES TAX RATE OPTIONS

| FY2014 RES Tax Rate Options |              |                |                |                |                 |                 |                 |                 |                 |                 |                 |                 |  |
|-----------------------------|--------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| Residential Assessment      | FY13         | \$300,000      | \$400,000      | \$500,000      | \$600,000       | \$622,862       | \$800,000       | \$900,000       | \$1,000,000     | \$1,000,000     | \$1,500,000     | \$2,000,000     |  |
| Residential Assessment FY14 |              | \$308,388      | \$411,184      | \$513,980      | \$616,776       | \$640,277       | \$822,368       | \$925,164       | \$1,027,960     | \$1,027,960     | \$1,541,941     | \$2,055,921     |  |
| <b>FY13 Rate</b>            | <b>17.99</b> | <b>\$5,397</b> | <b>\$7,196</b> | <b>\$8,995</b> | <b>\$10,794</b> | <b>\$11,205</b> | <b>\$14,392</b> | <b>\$16,191</b> | <b>\$17,990</b> | <b>\$17,990</b> | <b>\$26,985</b> | <b>\$35,980</b> |  |
| <b>Factor of 1, FY14</b>    | <b>18.42</b> | <b>\$5,681</b> | <b>\$7,574</b> | <b>\$9,468</b> | <b>\$11,361</b> | <b>\$11,794</b> | <b>\$15,148</b> | <b>\$17,042</b> | <b>\$18,935</b> | <b>\$18,935</b> | <b>\$28,403</b> | <b>\$37,870</b> |  |
| \$Diff                      |              | \$284          | \$378          | \$473          | \$567           | \$589           | \$756           | \$851           | \$945           | \$945           | \$1,418         | \$1,890         |  |
| %Dif                        |              | 5.3%           | 5.3%           | 5.3%           | 5.3%            | 5.3%            | 5.3%            | 5.3%            | 5.3%            | 5.3%            | 5.3%            | 5.3%            |  |
| <b>1.10</b>                 | <b>18.29</b> | <b>\$5,640</b> | <b>\$7,521</b> | <b>\$9,401</b> | <b>\$11,281</b> | <b>\$11,711</b> | <b>\$15,041</b> | <b>\$16,921</b> | <b>\$18,801</b> | <b>\$18,801</b> | <b>\$28,202</b> | <b>\$37,603</b> |  |
| \$Diff                      |              | \$243          | \$325          | \$406          | \$487           | \$505           | \$649           | \$730           | \$811           | \$811           | \$1,217         | \$1,623         |  |
| %Dif                        |              | 4.5%           | 4.5%           | 4.5%           | 4.5%            | 4.5%            | 4.5%            | 4.5%            | 4.5%            | 4.5%            | 4.5%            | 4.5%            |  |
| <b>1.20</b>                 | <b>18.16</b> | <b>\$5,600</b> | <b>\$7,467</b> | <b>\$9,334</b> | <b>\$11,201</b> | <b>\$11,627</b> | <b>\$14,934</b> | <b>\$16,801</b> | <b>\$18,668</b> | <b>\$18,668</b> | <b>\$28,002</b> | <b>\$37,336</b> |  |
| \$Diff                      |              | \$203          | \$271          | \$339          | \$407           | \$422           | \$542           | \$610           | \$678           | \$678           | \$1,017         | \$1,356         |  |
| %Dif                        |              | 3.8%           | 3.8%           | 3.8%           | 3.8%            | 3.8%            | 3.8%            | 3.8%            | 3.8%            | 3.8%            | 3.8%            | 3.8%            |  |
| <b>1.30</b>                 | <b>18.03</b> | <b>\$5,560</b> | <b>\$7,414</b> | <b>\$9,267</b> | <b>\$11,120</b> | <b>\$11,544</b> | <b>\$14,827</b> | <b>\$16,681</b> | <b>\$18,534</b> | <b>\$18,534</b> | <b>\$27,801</b> | <b>\$37,068</b> |  |
| \$Diff                      |              | \$163          | \$218          | \$272          | \$326           | \$339           | \$435           | \$490           | \$544           | \$544           | \$816           | \$1,088         |  |
| %Dif                        |              | 3.0%           | 3.0%           | 3.0%           | 3.0%            | 3.0%            | 3.0%            | 3.0%            | 3.0%            | 3.0%            | 3.0%            | 3.0%            |  |
| <b>1.40</b>                 | <b>17.90</b> | <b>\$5,520</b> | <b>\$7,360</b> | <b>\$9,200</b> | <b>\$11,040</b> | <b>\$11,461</b> | <b>\$14,720</b> | <b>\$16,560</b> | <b>\$18,400</b> | <b>\$18,400</b> | <b>\$27,601</b> | <b>\$36,801</b> |  |
| \$Diff                      |              | \$123          | \$164          | \$205          | \$246           | \$256           | \$328           | \$369           | \$410           | \$410           | \$616           | \$821           |  |
| %Dif                        |              | 2.3%           | 2.3%           | 2.3%           | 2.3%            | 2.3%            | 2.3%            | 2.3%            | 2.3%            | 2.3%            | 2.3%            | 2.3%            |  |
| <b>1.50</b>                 | <b>17.76</b> | <b>\$5,477</b> | <b>\$7,303</b> | <b>\$9,128</b> | <b>\$10,954</b> | <b>\$11,371</b> | <b>\$14,605</b> | <b>\$16,431</b> | <b>\$18,257</b> | <b>\$18,257</b> | <b>\$27,385</b> | <b>\$36,513</b> |  |
| \$Diff                      |              | \$80           | \$107          | \$133          | \$160           | \$166           | \$213           | \$240           | \$267           | \$267           | \$400           | \$533           |  |
| %Dif                        |              | 1.5%           | 1.5%           | 1.5%           | 1.5%            | 1.5%            | 1.5%            | 1.5%            | 1.5%            | 1.5%            | 1.5%            | 1.5%            |  |
| <b>FY13</b>                 | <b>18.06</b> | <b>\$5,569</b> | <b>\$7,426</b> | <b>\$9,282</b> | <b>\$11,139</b> | <b>\$11,563</b> | <b>\$14,852</b> | <b>\$16,708</b> | <b>\$18,565</b> | <b>\$18,565</b> | <b>\$27,847</b> | <b>\$37,130</b> |  |
| \$Diff                      |              | \$172          | \$230          | \$287          | \$345           | \$358           | \$460           | \$517           | \$575           | \$575           | \$862           | \$1,150         |  |
| %Dif                        |              | 3.20%          | 3.20%          | 3.20%          | 3.20%           | 3.20%           | 3.20%           | 3.20%           | 3.20%           | 3.20%           | 3.20%           | 3.20%           |  |
| <b>FY14 for</b>             | <b>17.96</b> | <b>\$5,539</b> | <b>\$7,385</b> | <b>\$9,231</b> | <b>\$11,077</b> | <b>\$11,499</b> | <b>\$14,770</b> | <b>\$16,616</b> | <b>\$18,462</b> | <b>\$18,462</b> | <b>\$27,693</b> | <b>\$36,924</b> |  |
| Equal %                     |              | \$142          | \$189          | \$236          | \$283           | \$294           | \$378           | \$425           | \$472           | \$472           | \$708           | \$944           |  |
| Increase                    |              | 2.62%          | 2.62%          | 2.62%          | 2.62%           | 2.62%           | 2.62%           | 2.62%           | 2.62%           | 2.62%           | 2.62%           | 2.62%           |  |

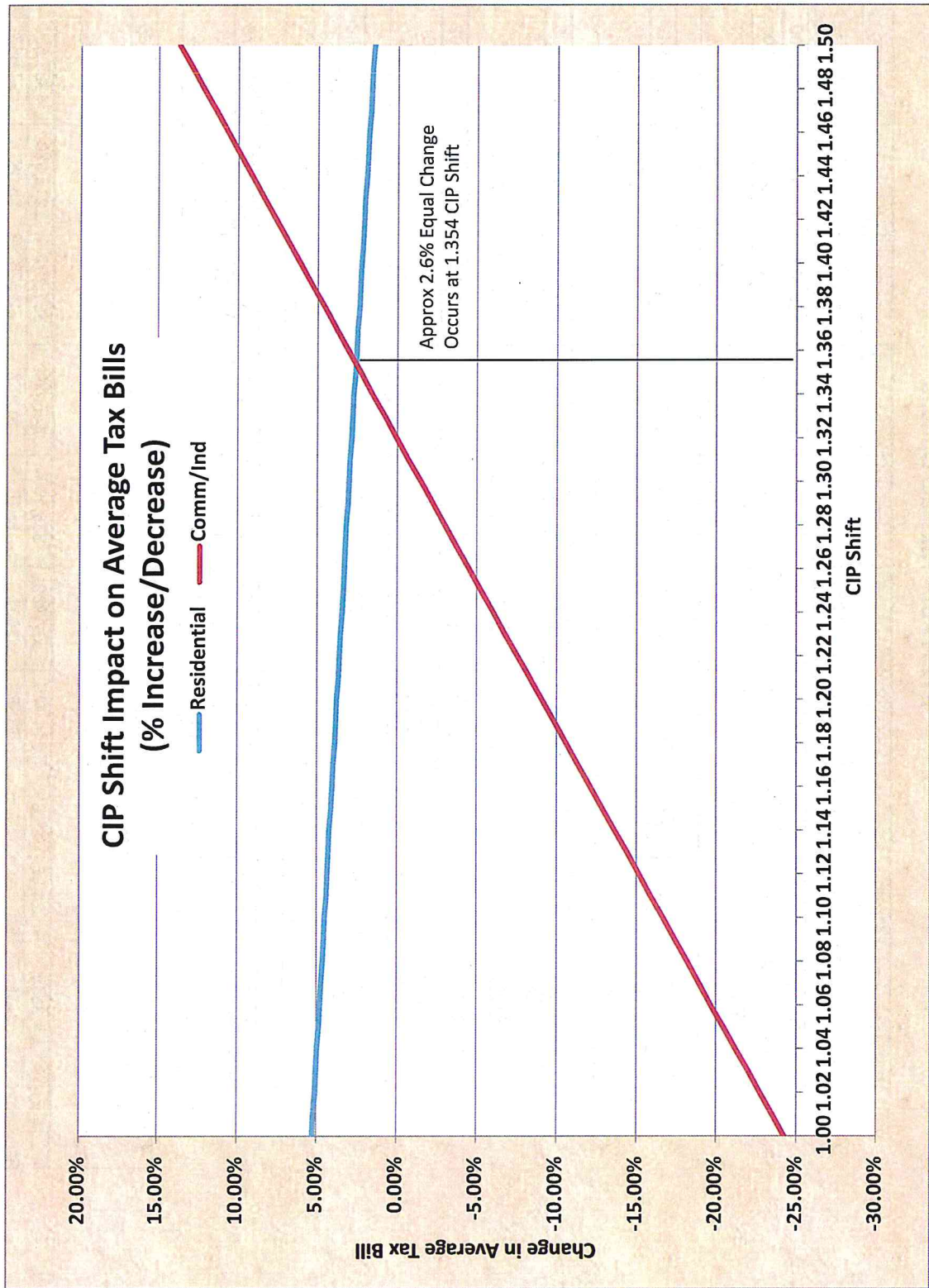


FY2014 CIP TAX RATE OPTIONS

FY2014 CIP Tax Rate Options

|                           |                 |                 |                 |                 |                 |                  |                  |                  |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| CIP Assessment FY13       | \$400,000       | \$600,000       | \$948,478       | \$1,500,000     | \$1,900,000     | \$3,800,000      | \$8,800,000      | \$12,500,000     |
| CIP Assessment FY14       | \$386,889       | \$580,334       | \$917,389       | \$1,450,834     | \$1,837,723     | \$3,675,446      | \$8,511,559      | \$12,090,283     |
| <b>FY13 Rate</b>          | <b>23.52</b>    | <b>\$14,112</b> | <b>\$22,308</b> | <b>\$35,280</b> | <b>\$44,688</b> | <b>\$89,376</b>  | <b>\$206,976</b> | <b>\$294,000</b> |
| <b>Factor of 1, FY14</b>  | <b>18.42</b>    | <b>\$10,690</b> | <b>\$16,898</b> | <b>\$26,724</b> | <b>\$33,851</b> | <b>\$67,702</b>  | <b>\$156,783</b> | <b>\$222,703</b> |
| \$Diff                    | (\$2,282)       | (\$3,422)       | (\$5,410)       | (\$8,556)       | (\$10,837)      | (\$21,674)       | (\$50,193)       | (\$71,297)       |
| %Dif                      | -24.3%          | -24.3%          | -24.3%          | -24.3%          | -24.3%          | -24.3%           | -24.3%           | -24.3%           |
| <b>1.10</b>               | <b>\$7,838</b>  | <b>\$11,758</b> | <b>\$18,586</b> | <b>\$29,394</b> | <b>\$37,232</b> | <b>\$74,465</b>  | <b>\$172,444</b> | <b>\$244,949</b> |
| \$Diff                    | (\$1,570)       | (\$2,354)       | (\$3,722)       | (\$5,886)       | (\$7,456)       | (\$14,911)       | (\$34,532)       | (\$49,051)       |
| %Dif                      | -16.7%          | -16.7%          | -16.7%          | -16.7%          | -16.7%          | -16.7%           | -16.7%           | -16.7%           |
| <b>1.20</b>               | <b>\$8,550</b>  | <b>\$12,825</b> | <b>\$20,274</b> | <b>\$32,063</b> | <b>\$40,614</b> | <b>\$81,227</b>  | <b>\$188,105</b> | <b>\$267,195</b> |
| \$Diff                    | (\$858)         | (\$1,287)       | (\$2,034)       | (\$3,217)       | (\$4,074)       | (\$8,149)        | (\$18,871)       | (\$26,805)       |
| %Dif                      | -9.1%           | -9.1%           | -9.1%           | -9.1%           | -9.1%           | -9.1%            | -9.1%            | -9.1%            |
| <b>1.30</b>               | <b>\$9,266</b>  | <b>\$13,899</b> | <b>\$21,971</b> | <b>\$34,747</b> | <b>\$44,013</b> | <b>\$88,027</b>  | <b>\$203,852</b> | <b>\$289,562</b> |
| \$Diff                    | (\$142)         | (\$213)         | (\$337)         | (\$533)         | (\$675)         | (\$1,349)        | (\$3,124)        | (\$4,438)        |
| %Dif                      | -1.5%           | -1.5%           | -1.5%           | -1.5%           | -1.5%           | -1.5%            | -1.5%            | -1.5%            |
| <b>1.40</b>               | <b>\$9,978</b>  | <b>\$14,967</b> | <b>\$23,659</b> | <b>\$37,417</b> | <b>\$47,395</b> | <b>\$94,790</b>  | <b>\$219,513</b> | <b>\$311,808</b> |
| \$Diff                    | \$570           | \$855           | \$1,351         | \$2,137         | \$2,707         | \$5,414          | \$12,537         | \$17,808         |
| %Dif                      | 6.1%            | 6.1%            | 6.1%            | 6.1%            | 6.1%            | 6.1%             | 6.1%             | 6.1%             |
| <b>1.50</b>               | <b>\$10,694</b> | <b>\$16,040</b> | <b>\$25,357</b> | <b>\$40,101</b> | <b>\$50,795</b> | <b>\$101,589</b> | <b>\$235,259</b> | <b>\$334,175</b> |
| \$Diff                    | \$1,286         | \$1,928         | \$3,048         | \$4,821         | \$6,107         | \$12,213         | \$28,283         | \$40,175         |
| %Dif                      | 13.7%           | 13.7%           | 13.7%           | 13.7%           | 13.7%           | 13.7%            | 13.7%            | 13.7%            |
| <b>1.2795</b>             | <b>\$9,119</b>  | <b>\$13,678</b> | <b>\$21,623</b> | <b>\$34,196</b> | <b>\$43,315</b> | <b>\$86,630</b>  | <b>\$200,617</b> | <b>\$284,968</b> |
| \$Diff                    | (\$289)         | (\$434)         | (\$665)         | (\$1,084)       | (\$1,373)       | (\$2,746)        | (\$6,359)        | (\$9,032)        |
| %Dif                      | -3.07%          | -3.07%          | -3.07%          | -3.07%          | -3.07%          | -3.07%           | -3.07%           | -3.07%           |
| <b>1.3540</b>             | <b>\$9,653</b>  | <b>\$14,479</b> | <b>\$22,889</b> | <b>\$36,198</b> | <b>\$45,851</b> | <b>\$91,702</b>  | <b>\$212,363</b> | <b>\$301,653</b> |
| \$Diff                    | \$245           | \$367           | \$581           | \$918           | \$1,163         | \$2,326          | \$5,387          | \$7,653          |
| %Dif                      | 2.60%           | 2.60%           | 2.60%           | 2.60%           | 2.60%           | 2.60%            | 2.60%            | 2.60%            |
| FY13 Shift                |                 |                 |                 |                 |                 |                  |                  |                  |
| FY14 for Equal % Increase |                 |                 |                 |                 |                 |                  |                  |                  |

CIP SHIFT IMPACTS ON AVERAGE TAX BILLS



**OPTIONS SUMMARY**

| <b>CLASS</b>  | <b>VALUE</b>         | <b>PERCENTAGE</b> |                                |
|---------------|----------------------|-------------------|--------------------------------|
| Residential   | 3,695,489,903        | 93.3067%          | <b>R &amp; O %</b><br>93.3067% |
| Open Space    | 0                    | 0.0000%           |                                |
| Commercial    | 146,588,764          | 3.7012%           | <b>CIP %</b><br>6.6933%        |
| Industrial    | 51,549,800           | 1.3016%           |                                |
| Personal Prop | 66,955,670           | 1.6906%           |                                |
| <b>Total</b>  | <b>3,960,584,137</b> | <b>100.0000%</b>  |                                |

**CLASSIFICATION OPTIONS**

0 Residential Exempt  
0 Small Commercial Exemption

**TAX RATE RESULTS**

\$72,954,580      **Estimated Levy**  
\$18.42              **Single Tax Rate**

| <b>CIP Shift</b> | <b>Res Factor</b> | <b>Share %</b> |            | <b>Estimated Tax Rates</b> |            |
|------------------|-------------------|----------------|------------|----------------------------|------------|
|                  |                   | <b>Res</b>     | <b>CIP</b> | <b>Res</b>                 | <b>CIP</b> |
| 1.000            | 100.0000          | 93.30669       | 6.6933     | \$18.42                    | \$18.42    |
| 1.100            | 99.2827           | 92.63736       | 7.3626     | \$18.29                    | \$20.26    |
| 1.200            | 98.5653           | 91.96803       | 8.0320     | \$18.16                    | \$22.10    |
| 1.300            | 97.8480           | 91.2987        | 8.7013     | \$18.03                    | \$23.95    |
| 1.400            | 97.1306           | 90.62936       | 9.3706     | \$17.90                    | \$25.79    |
| 1.500            | 96.4133           | 89.96003       | 10.0400    | \$17.76                    | \$27.64    |
| 1.354            | 97.4606           | 90.93726       | 9.0627     | \$17.96                    | \$24.95    |
| 1.280            | 97.9950           | 91.43591       | 8.5641     | \$18.06                    | \$23.57    |

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**Step 6: VOTING A TAX SHIFT OPTION**

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Vote in accordance with 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 2014 tax rate and set the Residential Factor at \_\_\_\_\_ with a CIP shift of \_\_\_\_\_, pending certification by the State Dept. of Revenue.