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IN BOARD OF SELECTMEN
WEDNESDAY, MAY 31, 1989

Present: Chairman John C. Drobinski and Judith A. Cope.

Tax Classification/Valuation

Present: Board of Assessors members Thomas H. Hillery and Robert E. Tellis; Assistant Assessor Daniel Loughlin; approximately thirty residents.

Chairman Drobinski convened a public hearing to determine what percentage of the local tax levy will be borne by each class of real and personal property relative to setting the Fiscal Year 1989 tax rate. Executive Secretary Richard E. Thompson stated that notice of this public hearing was duly published in accordance with the provisions of Massachusetts General Laws, chapter 40, with copies to the appropriate Town departments.

Assistant Assessor Daniel Loughlin introduced himself, Board of Assessors members Thomas Hillery and Robert Tellis, and announced with regret the resignation of Assessor John T. Hannan. Mr. Loughlin requested that persons interested in filling the vacancy contact either the Selectmen's Office or the Board of Assessors' Office.

Mr. Loughlin first discussed the proportionality of the tax rate, and referred to the handout he prepared for a detailed explanation, entitled "Fiscal 1989 Tax Rate". As shown on the handout, Mr. Loughlin pointed out that the greatest value is residential (88.3465%) and that historically, the residential portion continues to grow and the commercial continues to shrink.

Mr. Loughlin next discussed recapitulation of amounts to be raised ($25,544,320; Net $17,987,208) and again referred to the handout for a detailed analysis.

Lastly, Mr. Loughlin explained the three potential scenarios using the various tax rates, as set forth in the handout. Scenario 1 would result in a zero increase for commercial/industrial/personal property (CIP), while the residential property would bear a 10% increase. Scenario 2 assesses a flat tax rate, resulting in a 20% increase for residential property and a 40% decrease for CIP. Mr. Loughlin pointed out that this flat tax rate has not been utilized by the Town in nine years because of the dramatic shifts that would occur. Scenario 3 would assess an equal increase for both residential and CIP, which would result in an 8% increase to both classes. Mr. Loughlin stated that this last scenario has been the normal application for the Town. Mr. Loughlin noted that quite by coincidence, the 8% increase happens to represent the minimum residential factor (i.e., that factor which allows for the maximum shift onto the commercial class). Mr. Loughlin explained that the law has recently changed with regard to that shift. In Fiscal 1988 and preceding years CIP taxpayers could pay up to 150% of the residential rate. The law was recently amended so that the CIP taxpayers could pay up to 175%.

Mr. Loughlin went on to say that because CIP assessments did not increase as much as residential property, in order to effectuate an equal tax rate for both classes, the Selectmen would have to go to that maximum shift on the tax rate. Mr. Loughlin concluded by stating that if this is done, all future tax increases will be borne by the residential class until that law is changed again, moving the percentage higher again.

Mr. Loughlin reminded that last year's tax rates were $17.26 for residential and $26.35 for CIP, and suggested these figures be kept in mind while reviewing the proposals for this year. Executive Secretary Thompson interrupted to further explain that all calculations are based on the results of the 1988 Annual Town Meeting, not the 1989 Annual Town Meeting.

Mr. Loughlin called attention to page 2 of his handout, wherein he set forth examples of application of the various scenarios to a typical residential property and a commercial property; and to page 3, wherein he set forth the formula used for determining the CIP shift. Mr. Loughlin stressed that the figures being used are only averages and that many taxpayers in both classes will be seeing significant tax increases; although there will be taxpayers who will actually see decreases.

Frank M. Vana, Chairman, Legislative Information Committee of the Sudbury Chamber of Commerce, and a resident, commented that the last information he had concerning the CIP was a potential increase of 16%; thus, the information given by Mr. Loughlin showing a potential CIP increase of 11.7% is in a sense good news.

In response to inquiry by Chamber of Commerce member and resident Ronald A. Stephan, Mr. Loughlin explained that the Department of Revenue, which oversees the Assessors' operations, is still in the process of certifying values. Thus, the Assessors fully expect to mail the commercial tax bills at the same time as the residential tax bills. Mr. Loughlin further informed that the Assessors are planning on mailing within two weeks to all CIP owners a notice of what their new assessment is, as well as the assessments to the other 180 commercial properties.

Mr. Loughlin urged any property owner who disagrees with the assessment they receive to apply in writing for an abatement on an approved form within the thirty-day statutory limit. Mr. Loughlin stressed that once the statutory time has expired, the taxpayer loses all rights to appeal that bill.

Open Space classification was then discussed, and Mr. Loughlin referred to page 4 of his handout for details. Mr. Loughlin pointed out that although the law allows for the classification of Open Space, the definition of what Open Space is was left to broad interpretation. Mr. Loughlin explained that according to the law, if the Assessors so designate property as Open Space, the Selectmen may opt to reduce the tax load on that property by as much as 25%. The result of this would be for the residential class to bear the burden of making up for the money lost to the Town from the Open Space properties.

As pointed out in his handout, Mr. Loughlin reiterated that on October 17, 1988, the Board of Assessors decided that because of the difficulties in defining Open Space, they would place all vacant land into the Open Space category, thus avoiding discrimination among landowners. The estimate of all Open Space is valued at approximately $200,000,000, or roughly 12.7% of the total value of the Town. Page 5 of the handout contains the calculations for Open Space and the affects on the residential tax bills.

Gordon Henley, Chairman of the Conservation Commission, asked if other towns are using Open Space classifications; and Mr. Loughlin stated that there is no official tally to determine this. However, Mr. Loughlin opined that based on his attendance at Assessors' meetings, there are very few towns using this classification; and if it is used, the town does not discount it. Mr. Henley stated, and Mr. Loughlin concurred, that the Selectmen have the right to set that rate between 0-25%.

Executive Secretary Thompson informed that an Open Space classification would not be possible at this time, since the Board of Assessors have not fully declared what "Open Space" is; and since the Assessors are just finishing a major ten-year evaluation of Town properties, it is understandable that they have not had the time to adequately research the issue. Mr. Loughlin estimates this issue would take approximately three months of in-house work. Mr. Thompson explained that in the past the Board of Selectmen has asked the Board of Assessors to look at that category and work toward a report on same.

Selectman Judith Cope reported that she spoke with an Assessor from Bolton, who informed that their town uses the Open Space classification. However, that assessor did not feel this was the best way to go; that a conservation restriction would be a better method. Selectman Cope urged the Town to pursue alternate programs and not overlook the pressing need for something to be put in place.

Chairman Drobinski concurred with Ms. Cope's comments, and further expressed his concern over the impact of future development in the Town.

Executive Secretary Thompson stressed that it has always been his recommendation that if such a major shift will take place in the Town, the Selectmen should go to public ballot to see the Town's wishes on the issue. Mr. Henley concurred with Mr. Thompson's recommendation, and expressed his belief that the Conservation Commission would probably support the idea of a public ballot as a means of finding out what the townspeople want.

Mr. Loughlin opined that this classification would shift the tax burden from the large landowner to the homeowner, which he believes would be too much of a burden for the average homeowner to bear.

Mr. Hillery further pointed out that there is a major difference between deed restrictions and State programs. Mr. Hillery opined that deed restrictions are more difficult to enforce, and may in fact not "go with the land"; and it is important to draw the distinction when discussing alternative resolutions.

Mr. Henley suggested that since the Selectmen have the authority to direct the Board of Assessors to place Open Space into a special category, it might make some sense for the Selectmen to ask the Assessors to clarify their position and have data available by this time next year.

Discussion next turned to the last two pages of the handout, which explain the residential exemption and its affect on the taxpayers. Mr. Loughlin explained that the residential exemption would allow for owner-occupied residences to gain an exemption, thus shifting the burden on non-owner occupied residences. Mr. Loughlin expressed his personal opinion that this exemption is a social program and would not serve the needs of the Town fairly.

Chairman Drobinski thanked Mr. Loughlin for his excellent and comprehensive presentation.

The Selectmen acknowledged receipt of memorandum dated May 22, 1989, from Mr. Vana to the Sudbury Business Community regarding this public hearing. Ms. Cope took exception to the comment contained in that memo that "...the current board will not be as sympathetic as others in the past have been [to the business community]." Ms. Cope stressed that she believes the relationship between the Selectmen and the business community has been healthy and the Selectmen have always been sympathetic to their needs. Chairman Drobinski concurred and stated that the Selectmen remain committed to meeting with representatives of the business community. Chairman Drobinski concluded by stating that there has been no attempt to isolate the business community and hopes that message will be carried to them.

Mr. Vana stated that he was encouraged to hear these comments, and stated that this gives him a feeling that the Selectmen might possibly vote to keep the rates unchanged. Mr. Vana continued by stating that he has been asked by the Chamber of Commerce to comment on the classifications; and to let the Selectmen know that they want a Zero increase for CIP. Mr. Vana opined that calling it a "Zero" increase is a fallacy, because given the higher assessments, the tax bills will be higher.

Mr. Vana pointed out that when he and other members of the business community met with the Selectmen and Assessors, there was the possibility of being hit with a 26% increase. This was reduced to a potential 16% increase. Mr. Vana stressed that a lot of business people are hurting and many store owners want that fact brought to the attention of the public-at-large. Mr. Vana opined that if there are enough empty stores, the landscaping goes, the building appearance goes, and there is eventually a deterioration of the Town. Mr. Vana stated that he does not want to forecast doom, but that the "green light" of business in Town has turned to "yellow", and the business community would like to see it prevented from turning "red".

Mr. Vana continued by stating that the public should understand that most business financing requires five-year leases. What happens when the tax rate increases to CIP owners, the landowner passes those increases along to the renters. As evidenced by the increasing number of empty stores, this could be too much of an extra burden on the business owner. Mr. Vana also commented that he believes the zoning bylaws have in effect "cut the cord" of future business development. Mr. Vana urged that the Town think about the future of the business community because the future is here and will affect all of the Town.

Mr. Thompson stated that he has been Executive Secretary during the tenure of many of the past Boards of Selectmen, and he pointed out that all past Boards of Selectmen have voted exactly the same and that was to vote a split classification. Mr. Thompson expressed his hope that the business community and Town retain the spirit shown at Town Meeting that the Town will lend assistance to the business community and that the business community will be sensitive to the wishes of the Town. Mr. Thompson concluded by stating that in his opinion asking this Board of Selectmen to vote a Zero CIP increase is unreasonable at this time.

Assessor Robert Tellis expressed his sympathies to the business community, and suggested that one reason for the decline in business is the belt-tightening many residents feel because of their own increase in taxes. Mr. Tellis concluded by stating that if it is kept in mind that residential property accounts for over 80% of property values, it would be equitable to pay an equal distribution of a tax change; and that he has spoken with a number of residents who feel this would be the fair thing to do.

Businessman Ed Tucker wished to further add to Mr. Vana's comments by stating that a lot of people are not only business owners, but residents of the Town as well. Mr. Tucker does not believe it is fair to "hit" those individuals on both ends.

Chairman Drobinski responded by stating that it appears obvious that the tax rate has to go up based on valuations and the taxpayers have spoken at Town Meeting. Mr. Drobinski went on to say that it is his personal feeling that the increase should be apportioned across the board. Mr. Drobinski further stated that the problems of the large landowner and the CIP owners should be addressed, and he acknowledged the incredible pressures these groups have had.

After further discussion, upon recommendation of Executive Secretary Thompson, it was on motion of Selectman Cope unanimously

VOTED: To compute the Fiscal Year 1989 tax rate based on a factor of .901070, which will give an equal percentage increase and a tax rate of $10.32 for residential and $20.04 for commercial, industrial and personal property;

And it was further

VOTED: To assess no Open Space exemption; and to request the Board of Assessors to develop the classification of Open Space so that in the future this may be considered as an option;

And it was further

VOTED: To assess no residential exemption.

Chairman Drobinski reiterated, on behalf of the Board of Selectmen, the invitation to the Chamber of Commerce to meet with the Selectmen in order to address and meet the needs of the business community.

Executive Secretary Thompson suggested that the Chamber of Commerce invite Assistant Assessor Loughlin to attend one of its meetings so that he may fully explain the tax assessments and law relevant thereto.

In response to comment by Selectman Cope that she hopes for some resolution of the traffic problems on Route 20, businessman and resident G. Burton Mullen expressed his opinion that there is no longer a big traffic problem in the downtown area because of the increasing vacancy rates of businesses. Mr. Mullen took this opportunity to request that the Town "ease up" on enforcing the zoning bylaws with regard to signs. Mr. Mullen opined that given the poor business atmosphere in the Town, this is not the right time to further oppress the businesses; and he further expressed his opinion that the bylaws could be challenged and defeated in the courts, if a businessman chose to pursue it.

Chairman Drobinski thanked Mr. Mullen for his comments, and concluded the public hearing by thanking all present for their attendance and input.

Tax Anticipation Notes

Present: Town Treasurer Chester Hamilton.

As set forth in memorandum dated May 25, 1989, from Town Treasurer Chester Hamilton regarding Tax Anticipation Notes, and upon recommendation of the Executive Secretary, it was on motion unanimously

VOTED: To sign $1,000,000 Tax Anticipation Notes, dated June 7, 1989, and due July 28, 1989, as follows:

Guarantee First Trust Co.	6.54%	$500,000.00
Guarantee First Trust Co.	6.59%	$500,000.00.

There being no further business to come before the Board, the meeting was adjourned.

Attest: ______________________________
Richard E. Thompson
Executive Secretary-Clerk