REPORT TO THE SELECTMEN
FROM THE
PROPERTY TAX EQUITY REVIEW COMMITTEE
DECEMBER 11, 2003

The Property Tax Equity Review Committee ("PTERC" or "Committee") is pleased to offer its findings and recommendations to the Selectmen. The Committee has devoted long hours to meetings and independent research in order to ascertain and evaluate the various data required to be reviewed in developing its positions and discuss the implications of that research for tax equity among Sudbury residential taxpayers. We note that some recommendations should be revisited after the new residential assessments are available, but anticipate that our recommendations will hold after that review.

The Committee is recommending specific actions which it deems appropriate for the Selectmen to pursue. These suggestions fall into three general categories of: 1) a specific needs-based relief program to be implemented after approval by a majority of voters, both at Town Meeting and ballot vote, and after approval by the State Legislature, 2) enhancement of both the use of and benefits available from current programs, and 3) implementation of an education program to ensure that substantial information is provided to interested parties regarding tax relief programs.

In addition to the specific programs delineated in this report, PTERC urges the Selectman, all voters and Town departments to exercise fiscal restraint over the coming years. Although the Committee is mindful that the Selectmen are fully cognizant of the financial challenges facing the Town, the repeated and urgent tone of the comments provided to PTERC and the sentiment of many Committee members compel us to reiterate this point. While the Committee has tried to develop mechanisms for improving tax relief options to people "in need," we note that overall Town spending must be controlled. There is no doubt that taxes are high, that many taxpayers feel the burden, and that the recent trend of substantial increases cannot continue if the Town is to remain a desirable or affordable place for people to reside. This concern is shared not only by many Committee members but also was articulated by residents who addressed the Committee.

This report is presented in four sections: Section I presents our recommendations for specific actions or programs; Section II provides a summary of the methodology the Committee employed to accomplish its task; Section III summarizes the findings and recommendations of the various Subcommittees; and Section IV provides a summation of PTERC's positions. Attached are complete copies of the Subcommittee reports and other attachments which may be helpful in understanding this report and PTERC's findings. Additionally, we have included both a Minority Comment (and its attachments), filed by a Committee member that voted in support of the report but had additional perspectives to share, and a Minority Report prepared by a Committee member that did not vote in favor of the report for the reasons stated in the Minority Report.

SECTION I - RECOMMENDATIONS

The Committee has developed three specific recommendations for addressing the tax burden in Sudbury. The new relief program is targeted toward seniors and people on full long-term disability. The Committee is, however, committed to ensuring the current programs are both optimized and maximized and hopes for full participation by anyone who qualifies; hence PTERC is also recommending ways to more fully realize the potential benefits available under current programs. The Committee has also recognized that neither current programs nor any new program will be truly beneficial unless people have access to clear information and support mechanisms for understanding how to use any available programs and the complete financial implications on an individual personal basis. Therefore, the Committee also supports the immediate implementation of an education program to assist people in evaluating and calculating their options. Additionally, the Committee makes general observations about development in Sudbury and encourages any actions that will promote development policies which are likely to help reduce the tax burden.

NEW TAX RELIEF PROGRAM:

PTERC has developed recommendations for a new relief program detailed below. In considering this program and developing its various attributes we attempted to provide a framework which would be administratively feasible for the Town, acceptable under the Massachusetts Constitution, and meets various criteria articulated by State legislators - in particular, being need-based - so that the program would have a greater likelihood of being accepted at both the local and State levels. PTERC has been focused on meeting these varied, and at times opposing, thresholds because it felt that any recommendation that was not ultimately acceptable to the State Legislature would result in no relief being granted. The committee is convinced that there are people in need in Sudbury and PTERC hopes that its recommendations will lead to the development of an acceptable program for which the Town will be able to gain the necessary authorization from the Legislature to implement.

PTERC recognizes and data support the notion that there are people in need in Sudbury who are not seniors and who will not qualify for assistance under the new program the Committee is proposing. We struggled with this issue. In the end the Committee was concerned that we could not develop an affordable program that would reach the broader group which the Committee acknowledges would otherwise deserve support. PTERC has, however, determined that, at a minimum, this group should not be asked to pay the costs of any new programs developed and has crafted a proposal which is designed to prevent a burden shift to that group of people.

Summary:

With this background in mind, the Committee developed its relief proposal which draws upon several existing programs, including the Community Preservation Act ("CPA") and the Circuit Breaker. The program effectively shifts approximately $600,000 to $900,000 of tax burden from low to moderate-income senior households to other property owners. This burden shift would be accomplished through a surcharge of up to 2% on each taxpayer's base annual property tax bill (defined as the annual property tax to be paid by the taxpayer before considering the effect of any other surcharges such as the CPA). Eligible homeowners who pay more than 10% of their total household income in property taxes obtain relief to reduce their tax burden, subject to certain limitations. This benefit is subject to a cap, which is defined as 25% of the then-current tax bill for an average assessed-value home. The maximum benefit at current rates would be approximately $2,000 for participants and the cost of the surcharge to most residential taxpayers would be under $250 per year.

<u>Eligibility:</u>
Tax relief would be made available to residential homeowners that meet the following criteria:

a. Principal residence in Sudbury;
b. Minimum residency duration of 5 years in Sudbury;
c. Age 65 or over or currently on long-term full disability, as defined by Social Security; (People on long-term full disability qualify for relief under this program only for the duration of that disability status.)
d. Assessed value of house can not exceed 1.25 multiplied by the average assessed value; (Today that formula yields a value of approximately $600,000)
e. Income thresholds matching those defined in the Community Preservation Act ("CPA") in terms of income level,
f. Actual income measured as the sum of Adjusted Gross Income from IRS form 1040 plus tax free dividends and interest and any other tax-free income, less then-current deductions available under the CPA; and
g. Property taxes, on the principal place of residence, must exceed 10% of income as defined above.

<u>Benefit to Participants:</u>
The tax relief benefit equals the amount by which the participating homeowner's property tax bill exceeds 10% of the total household income, subject to the benefit cap. The benefits are capped such that the benefit to any individual homeowner will not exceed 25% of the then-current average residential tax bill for Sudbury households. Based on the 2003 average residential property tax bill of $8,000, the individual benefit would be capped at approximately $2,000. As with the funding mechanism, this benefit cap is self indexing and will rise or fall with average tax bills in the Town. In the event that the funds raised are insufficient to meet the revenue requirements of the program, the benefits should be pro-rated by the Assessors across all program beneficiaries.

<u>Program Costs:</u>
PTERC estimates the cost of the program to be between $600,000 and $900,000 per year based on a review of data available from the Town, the Massachusetts Department of Revenue, and the United States Census. While, the Committee does not have available to it sufficient data to make an accurate prediction of the number of eligible senior households, and consequently, the costs of the program, PTERC is comfortable with the data and program constructs that define the upper limits of the program cost. It is more difficult to

ascertain the likelihood of lesser total costs. However, after the second year, it should be possible to estimate the participation and program costs more accurately.

In addition, the Committee has recently undertaken a survey of Senior households to better ascertain the relationship between income and assessed value of homes, which are the two key financial drivers of program eligibility and cost. Such correlated data is not currently available elsewhere, and has been a factor limiting the PTERC's ability to fine tune the costs and targeted beneficiaries of this proposed program. After the results of the survey are known, the Committee can provide the Selectmen an update, upon request, indicating whether these results have caused the Committee to revise its estimates or conclusions.

While it is difficult to pinpoint the lower-end of the cost range, the Committee agreed to recommend funding the program at the higher end of the range. The recommendation for a 2% surcharge presumes that the following conditions will be integrated into the program and strictly adhered to:

1. The wording of any Article or Home Rule Petition must make it absolutely clear that the funds raised can be used only for tax-relief for seniors and people under full long-term disability, using the eligibility and benefit limits within the proposed program. Any funds that are raised and not used will carry over to subsequent years.

2. All monies raised shall be placed in a special purpose designated fund, similar to that used for CPA program funds.

3. During the second year of the program the amount raised will be limited to the amount estimated to be needed (after using any carryover) to fund the program for the second year.

4. During the third year and each year thereafter, the assessors will estimate and recommend to the Selectmen a surcharge percentage calculated to fully fund the program with no excess, but not to exceed 2%. Amount(s) that may be carried over from prior year(s) will reduce the burden below the 2% maximum, as described above.

<u>Funding Sources:</u>
PTERC recommends that funding be raised through an annual surcharge of up to 2% on the base property tax bill to all property-tax payers (residential and commercial). However, any homeowner who qualifies for the program or otherwise would qualify for the program based on criteria A, B, D, E, and F in the Eligibility section above will be exempted from the surcharge. No taxpayer will pay more than a 2% surcharge. Hence the costs are known or knowable for all voters.

It is anticipated that a 2% surcharge as specified would generate about $900,000 if it went into effect this fiscal year. Revenue in future years would increase based on increases in property taxes and new construction. The revenue estimate takes into account surcharge payments from residential and non-residential taxpayers. Revenue projections specifically exclude estimates of senior households that are eligible for the tax relief program, and all households (senior and non-senior) who would have been eligible for benefits under the program if they met the age qualification. PTERC estimates that approximately $775,000 will come from single family residences and $125,000 will come from all other property owners. We further expect that approximately 80% of single family residences, or 4,100 households, will pay less than $200 per year. The table below indicates the number of taxpayers responsible for various levels of funding, and the approximate cost of PTERC's proposed new program on each of those groups.

Annual Cost Under PTERC Proposal	Number of Single Family Residential Property (Code 101)	Number of Non Single Family Residential Property	Total Number of Properties	% of Total	Cumulative Percent
No Impact	700	791	1,491	22%	22%
$0 to $100	218	290	508	8%	30%
$101 to $200	3,203	187	3,390	51%	81%
$201 to $300	826	65	891	13%	95%
$301 to $400	241	24	265	4%	99%
$401 to $500	41	9	50	1%	99%
$501 or More	16	32	48	1%	100%
Total	**5,245**	**1,398**	**6,643**		

<u>Selectmen Review:</u>
PTERC recommends that the Selectmen review the program every three years and report to the Town. To the extent that that review results in any recommended changes to the program, any such changes should come before the Town Meeting and be placed on the ballot for approval. Absent any changes, the program shall continue.

<u>Administrative Issues:</u>
The Committee suggests the Selectmen require applications to be submitted in a timely manner to allow the Town to more effectively anticipate the costs of the program and individual benefits.

The Selectmen should establish a specific deadline for filing applications for property tax relief under this program as well as for the applications to be exempt from the surcharge. PTERC views this as an important administrative matter which should be established as part of the proposed legislation. The decision as to which deadline to establish is left to the discretion of the Selectmen.

In certain circumstances PTERC is aware that implementation of this program might result in a taxpayer, through participation in this program, becoming ineligible for a Circuit-breaker credit in a future year. In such cases up to about $800 in state reimbursement is lost, replaced by up to $2,000 in Town funds. While this raises concern, this issue is not likely to affect many taxpayers.

The revaluation currently under way in Sudbury is expected to be in the neighborhood of 20%, which would raise the median home in Sudbury from the $480,000 range to nearer $575,000, and the average senior's assessed value from $390,000 to nearer $470,000. Since eligibility for the Circuit Breaker was limited to residences assessed at under $425,000 in 2002, and $432,000 in 2003, the re-evaluation will probably result in eliminating eligibility for many or most of the Sudbury taxpayers who qualified for credits in 2002. The Selectmen should consider this when crafting an Article or language for a Home Rule Petition.

MAXIMIZING CURRENTLY AVAILABLE PROGRAMS

41C Senior Tax Exemption:
The Committee has voted unanimously to recommend that the Selectmen take any necessary actions to adopt the highest benefit and eligibility limits under Section 41C, consistent with new legislation. This will provide significant additional benefits to the seniors in Sudbury who are most in need. These exemptions affect only those residents with household incomes under $32,000 and household assets under $60,000, approximately.

Sudbury has adopted M.G.L. c. 59 sec. 5, clauses 41C, which provides a $500 tax exemption for seniors who are age 70 or older and who meet certain income and asset requirements. Sudbury has also adopted 41D, which gives communities the option of annually increasing the income and asset amounts for Clause 41C with the COLA (cost of living adjustment) as determined by the Department of Revenue. Last year, 11 Sudbury seniors were granted exemptions under this provision. The total amount of the allowed exemptions was $8,418.54; Sudbury received $6,426.00 in reimbursements from the State for these exemptions.

New legislation (Chapter 184, sec. 51 of the Acts of 2002) allows Towns (by vote at Town meeting) to maximize the benefits under Section 41C by reducing the age requirement from 70 to 65, increasing the exemption amount by any amount up to a total exemption of $1,000, and increasing the gross receipts and whole estate eligibility limits. Sudbury also may grant an optional additional exemption under Chapter 73, Section 4, of the Acts of 1986, for a particular fiscal year, which could increase the exemption amount up to an additional $1,000. The optional additional amount is limited by the amount of any increase in the senior's property tax bill. Communities that vote to make adjustments that result in more or higher exemptions than previously granted will not receive any additional State reimbursement.

Tax Work-Off Program:
PTERC recommends that the Selectmen modify the tax work-off program to maximize the hourly rates paid and to maximize the total property tax reduction available to participants, as allowed by the new statutory limits. PTERC also recommends that the Selectmen increase the number of available and funded positions in the program to meet any additional demand from seniors who wish to participate, to the extent feasible within the program.

In 1999, the Legislature passed M.G.L. c. 59, sec. 5K, which allows communities to provide residents over the age of 60 with a reduction in local property taxes, up to $500, in exchange for volunteer services to the Town at a rate not to exceed the current State minimum wage. This tax benefit does not count as income or wages for Massachusetts income tax purposes. Pursuant to this legislation, Sudbury currently provides a maximum property tax reduction of $500 for up to 45 residents over the age of 60 who meet an income limit of approximately $30,000 and work in Town positions for $6.59 per hour. This year, 44 Sudbury residents participated in the tax work-off program, which has a total of 45 available positions.

Chapter 59, section 5K was recently amended to increase the amount of allowable tax reduction from $500 to $750. In addition, volunteers can now work at a rate of $6.75 per hour, the current State minimum wage. Sudbury cannot increase the amounts beyond the statutory limits without legislative approval.

Town Website:
PTERC unanimously voted to recommend that the Selectmen make improvements to the Town website to provide information about tax relief programs available to Sudbury residents, including links to the Massachusetts' Citizen Information Service and the Department of Revenue websites, as well as other resources which may result from PTERC-related activities and programs.

TAX ASSISTANCE AWARENESS AND PERSONALIZATION PROGRAM

A key finding of PTERC is that Sudbury's current tax relief and Tax Deferral Programs appear to be underutilized. Tax Deferral, a fair and reasonable tax assistance option currently available to Seniors, is significantly underutilized. According to the Subcommittee B review, only 24 seniors used the program this year. Sudbury's deferral program offers the lowest interest rates and highest income eligibility level of any such program in Massachusetts (See Attachment B for details). PTERC believes that this low participation is primarily because the opportunity is misunderstood. In order to address these misunderstandings and to offer immediate tax assistance to seniors in need, PTERC recommends that the Board of Selectmen support and implement a Tax Assistance Awareness and Personalization Program ("TAAPP").

As has been proven in the past by the efforts of the Senior Center, educating seniors about the tax relief and assistance programs involves more than offering classes. Past attempts to educate seniors via classes have failed due to the lack of personalization of the classroom structure and to staunchly held misconceptions of the impact of the Tax Deferral Program on individual seniors. Careful thinking needs to take place in planning the next education effort. Confidentiality is needed.

The Tax Assistance Awareness and Personalization Program is not solely an education effort. It is a one-on-one personalization program intended to guide seniors individually through the entire process of:

- Understanding the mathematical mechanics of all programs
- Evaluating deferral options
- Understanding lifestyle impact
- Completing applications

PTERC recognizes that similar services for seniors are currently available through the Assessor's Office. The TAAPP program is meant to enhance these services by:

- Training volunteers and providing additional resources for the time-constrained Assessor's Office
- Proactively reaching out to seniors in need
- Providing personalized, private services in seniors' homes
- Addressing misconceptions of the Tax Deferral Program via a marketing campaign

With the objective of providing immediate relief through the Tax Assistance Program, seniors in need will not have to wait through another lengthy legislative approval process before receiving tax relief. TAAPP will also demonstrate to the State Legislature that Sudbury is actively recruiting participation in current State approved programs, thereby improving Sudbury's position with the State should we submit a future home rule petition for proposed tax relief.

PTERC, the current Chairperson of Council on Aging ("COA") and the Director of the Sudbury Senior Center concur that COA would be the appropriate body to take the lead on the TAAPP initiative as it is part of the COA charter. The full program is more fully described in Attachment D to this document. Although we note the funding challenges the Town is facing the Committee urges the Selectmen to give immediate consideration to the implementation of this program.

FISCAL RESTRAINT AND DEVELOPMENT OBJECTIVES:

Finally, the PTERC has noted that fiscal restraint must be encouraged and adopted. As mentioned previously there is widespread concern over the precipitous rise in taxes of the past several years and the sense that this pattern is not sustainable. PTERC is confident that the Selectmen are acutely aware of this problem. However, the Committee would be remiss not to communicate the concerns it heard on this critical issue. Additionally PTERC has noted on several occasions that the Selectmen should encourage and pursue development options in Sudbury that are likely to lead to strengthening the tax-base with limited impact on Town resources, thereby alleviating some of the current burden. Some options to consider would be increasing the commercial tax base, increased condominium development restricted to residents over the age of 55 (Wayland has over 400 condominium units, approximately 10 times as many as Sudbury), and expanded open space. In addition to potentially restoring equilibrium to the tax base, some of these options may also provide increased housing options for seniors who wish to remain in Sudbury.

SECTION II – METHODOLOGY

The Role of Subcommittees in Information Gathering

Shortly after its appointment by the Selectmen, the 23-member PTERC met several times to discuss the mission statement as set forth by the Selectman and to allow members to get to know one another and share preliminary ideas about the best approach to help develop a plan to present to the Selectmen. In addition, PTERC met with State Representative Susan Pope, State Senator Pamela Resor, and Mr. Tony DeGregorio, staff person to the Chairman of the House Committee on Taxation, to discuss and seek guidance regarding the criteria that the State would likely use in evaluating any proposals the Town might make. PTERC was interested in such guidance as a means of increasing the likelihood that its report to the Selectmen will incorporate features which will gain acceptance within the Legislature. Such acceptance is viewed as critical, as the Legislature must vote to approve any home rule petitions passed by Sudbury Town Meeting before the Town could enact them. During the very informative discussion, the legislators noted that to be considered for approval, any proposal would, at a minimum, have to:

- Include a "means test" to demonstrate financial need;
- Include an analysis and discussion of how individuals eligible to participate in the new program have taken advantage of existing tax relief programs;
- Be well-substantiated with data and factual analysis; and
- Include an analysis of the tax burden that would be transferred to those in the Town not eligible to participate in the program.

Following these meetings, PTERC decided to split into three Subcommittees that would meet independently and address specific elements included in the charge from the Selectmen. In addition to establishing the three Subcommittees, PTERC also named Co-chairs (Tara Nolan and Dave Levington), and a Recording Secretary (Beth Farrell). These three individuals, along with the chairperson from each of the three Subcommittees, constituted the Steering Committee, which coordinated the actions of PTERC. The Subcommittees collected information, held meetings to discuss possible interpretations of the data, and presented the results of their analyses to the full PTERC. The charge for each Subcommittee is described below.

Subcommittee A: Historical Data

This group examined historical data on taxes and in-Town demographics to try to assess how taxes, tax burden, and Town populations had changed over time. The Subcommittee examined census data as well as historic Town data on property values, taxes and the impacts of those taxes on Town residents. In addition, the Subcommittee examined similar data from neighboring and similar Towns to assess to what degree the situation in Sudbury differed from those other communities.

Subcommittee B: Current Status

This Subcommittee examined the benefits and drawbacks of currently available tax preferential programs for Sudbury residents. Among other issues, the Subcommittee identified the existing programs, the extent to which residents take advantage of these programs, and what barriers limit participation in these programs. The Subcommittee examined programs available in Sudbury as well as those in neighboring communities to understand how well they worked in Sudbury or elsewhere, and whether there were other programs that Sudbury might consider. Subcommittee B also looked at current Senior demographics.

Subcommittee C: Future Programs

This Subcommittee focused its initial efforts on detailing the criteria that would be used to evaluate various proposals suggested by the other Subcommittees or the full Committee. It collected information and made suggestions on the best way to examine the benefits, drawbacks and costs of new or different potential tax preferential programs.

Evaluating a Range of Proposals

Each Subcommittee completed its analysis and prepared a report for delivery to the full Committee. These analyses are discussed in the results section of this report and are also available on the PTERC website. Following these presentations, PTERC met and developed a list of potential responses to the issues and information presented by the Subcommittees. Each of the three Subcommittees was then directed to reconvene, discuss these alternatives as well as any other approaches they might have devised and report back on their primary choices to the full Committee.

The Subcommittees met, and developed several alternative approaches that were discussed and evaluated by PTERC. Working independently, the Subcommittees gathered additional information, discussed a number of possible programs, and collectively identified a set of proposals for further consideration by PTERC. These included proposals to:

- Develop a communications and outreach program designed to learn more about the current use of existing programs and to increase understanding about the benefits they offer;
- Adopt a matching circuit breaker to the State program, similar to what Wayland has done;
- Adopt a residential tax exemption program that would effectively transfer some tax burden from certain households with lower assessed values to those of higher assessed values; and
- Develop a new program that would identify the amount of money that should be raised from individuals to finance the program as well as criteria households would have to meet to gain a measure of property tax relief.

To further refine these alternatives, PTERC set up a small working group that focused on refining the provisions of the new program, including a discussion of how funds should be raised, how much should be raised, the eligibility criteria and how much tax relief qualifying citizens should receive. The PTERC and smaller groups of interested parties then met over the next few weeks to finalize the provisions of the program to be recommended to the Selectmen.

In order to help gather more detail on how many seniors might qualify for and benefit from the new program, PTERC established a survey committee charged with developing and distributing a survey to seniors. That survey is currently being distributed; PTERC and the Selectmen will review the results to determine whether the proposed program needs to be changed or revised. The proposed program, pending possible revisions based on the survey results, as well as other recommended steps including an enhanced communications program, were described in more detail in Section I of the report.

SECTION III – SUMMARY OF FINDINGS

As noted above, much of the work of PTERC in the preliminary stages was conducted within the Subcommittees. The primary findings of the Subcommittees are summarized below. Other significant work has been completed by individuals and small working groups and has been shared at PTERC meetings and by email. In particular, PTERC members have further researched issues relating to the proposed relief programs; these findings are reflected in the proposals.

Subcommittee A (See Attachment A, Report of Subcommittee A)

1. There has not been a senior citizen exodus from the Town of Sudbury that differs appreciably from the patterns of the past 20 years. The Subcommittee reviewed the age distribution of Sudbury's population for 1980, 1990, 2000, and 2002, and analyzed the data by the absolute numbers in each age group and by the relative percentage of each age group. The data show that there has been little change in overall demographic trends during the study period.

2. The Subcommittee finds no conclusive evidence in the demographic trends of Sudbury's senior citizens over the period from 1980 to 2002 to suggest that recent increases in property taxes (or changes in any other single factor) have altered the behavior of senior residents to either remain in, or move from, Sudbury during the study period.

    a. Many senior citizens do move out of Sudbury. Some PTERC members have focused on the change in the absolute numbers of residents in a given age category as they "age" into the next demographic category. The number of residents in a given age group shows a pattern of decline over time as they age into older demographic categories. The population peaks at ages 35 to 54 and declines after age 55. The decline continues as age increases, reflecting out-migration and mortality rates as people age. While the Subcommittee acknowledges such a decline in population over time, it disagrees with the conclusions that this decline is a new phenomenon, or that rising property taxes are the reason why it occurs.

    b. Although seniors do move out of Sudbury, the senior population has been steadily rising as a percentage of the Town's population. In general, the demographic make-up – and the migration pattern exhibited by the data – have remained fairly consistent over the 22-year study period. However, the Sudbury population is aging overall, as seen in the higher percentage of residents over 65 and the lower percentage of residents under 35.

    c. The increase in the percentage of seniors is particularly significant in light of the considerable growth in the overall population during this time period. The total Sudbury population has grown by 38% from 1980 to 2002. Many assume that much of this growth represents an influx of younger residents (as reflected in the rising school age population) who are more likely to purchase the newer homes. The senior population has not only been replaced during this time; it has risen relative to the total population. The growth in population means that it is possible for two things to occur simultaneously. One: more older residents are leaving Sudbury than have left in the past, because there are more residents to begin with. Two: more seniors now live in Sudbury than have in the past, both in absolute numbers, and as a percentage of the total population. This second fact is a more meaningful statistic, since it takes into account the impact of significant population growth in Town during the study period.

3. This said, the Subcommittee believes that property taxes are among a number of influences that have a significant impact on senior housing decisions. Additionally, the rapid increase in property taxes in Sudbury in recent years have certainly impacted all residents, regardless of age, living on a modest incomes and who do not have the financial assets to otherwise compensate for these rising costs. The Subcommittee believes that these circumstances create a compelling need to develop and promote programs that provide appropriate relief to Sudbury residents based on their financial need.

4. To explore the potential link between housing decisions and taxes, the Subcommittee surveyed existing research on this topic to become knowledgeable of data that already exists, and to evaluate whether more research was warranted in order to complete our tasks. Research conducted by government and senior advocacy organizations clearly indicates that there is a preference among seniors to "age in place." These studies also indicate that as people age, there are many factors that conspire against the wish to age in place that can result in a senior deciding to move. These factors include health, the environment, lifestyle choices, changing service needs, the physical and financial strain of maintaining a single family residence, transportation needs, proximity to family, or financial considerations (taxes, utilities, and/or the conversion of one asset, home equity, into income earning assets that fund retirement).

5. In contrast, a local Sudbury survey done in 1997 by an earlier Town committee on Senior Tax Relief was considerably more dramatic in its findings. Out of 255 survey respondents, 141 residents anticipated moving from their current dwelling and 156 of those respondents cited property taxes as the number one motivation for their anticipated move. Contrast this to the fact that the 8 other possible reasons for moving listed in the survey garnered a total of only 17 responses as the prime reason to move.

6. The Subcommittee believes the general body of research on senior housing to be more helpful in understanding the complexity of issues facing today's seniors. While the Subcommittee believes the 1997 Sudbury survey demonstrates that rising taxes are a serious problem, the Subcommittee is reluctant to draw conclusions that are as dramatic as the survey's results. This is because there is a universal expectation that people will respond with a positive answer if they are asked if their taxes are too high by a committee that has as its purpose the subject of tax relief, regardless of the age or the financial well being of the respondent.

7. The Subcommittee compared the average single family tax bill in Sudbury to those in four comparable Towns and found that Sudbury taxes have been escalating at a much faster rate. The rapid rise in taxes has clearly stressed residents with fixed or modest incomes; concerns about future increases have added to this stress.

8. The Subcommittee also compared (a) the property tax rates (residential and commercial), (b) the property values, and (c) the percentage of the levy collected from the residential and commercial sectors for Sudbury and for neighboring Towns (both comparable and non-comparable Towns). The Subcommittee believes it would be inappropriate for homeowners to look to commercial property as a way to address this issue. The commercial base in Sudbury is too small to be able to make a meaningful contribution to this effort without a significant increase in their tax rates. The Subcommittee believes that commercial tax rates should reflect the tradeoff between the Town's objectives for commercial development, and the commercial sector's responsibility to pay their fair share of the cost of sustaining the community in which they do business and prosper. The Subcommittee does not believe they should be mandated to subsidize initiatives intended to address larger social issues.

9. The Subcommittee considered other various equity issues associated with a property tax system. The Subcommittee was asked to determine the equity issues associated with relying on the property tax as the largest source of funding for the Town. After much discussion, the Subcommittee concluded that the Commonwealth of Massachusetts has established that the property tax is an accepted method to allocate the burden of taxation based upon a resident's ability to pay. Subcommittee A's recommendation is for PTERC to find pragmatic solutions that are acceptable within today's frameworks. Sudbury should be "turning the knobs that can be turned," by making funding decisions at a local level, and providing relief to residents in financial need.

Subcommittee B (See Attachment B, Report of Subcommittee B with Appendix.)

1. A study of Sudbury demographics shows that there is not a "typical" Sudbury senior.

2. There are seniors in Town who do need help.
    a. Approximately 50% of senior households have an income of less than $60,000 (1999 census data, owner and renter occupied, ages 65+).
    b. The median household income for seniors aged 75 and over is $27,692 (1999, owner and renter occupied).
    c. Seventeen percent (140 households) spend 35% or more of income on owner costs (1999, ages 65+, owner occupied).
    d. The maximum tax relief available from combined current programs is $1,290, which represents 20% of the average senior tax bill (ages 65+).

e. Taxes will continue to increase, while the fixed incomes of many seniors will not.

3. Some non-seniors also need help.

4. Not all seniors need help.
   a. The average household income is $89,718 (1999, ages 65+).
   b. The average property tax burden is $6,553, roughly 7% of the average household income (1999 income, ages 65+).
   c. Sixty-five percent (533 households) spend less than 20% of income on household costs (mortgage, taxes, insurance, and utilities) (1999 income, ages 65+).

5. The existing tax relief programs available in Sudbury have low participation, other than the tax work-off program. (See Appendix to Subcommittee Report for overview of currently available programs).
   a. State Circuit Breaker income tax credit: 136 households received the credit, average credit of $712.23 (2002 tax year).
   b. Sudbury tax deferral program (41A): 24 senior households participated in 2002.
   c. Elderly exemption (41C): 11 senior households received in 2002.
   d. The tax work-off program is highly utilized: 44 of 45 positions are filled.

6. The Sudbury Tax deferral program is more favorable than in other Towns. (See Appendix to Subcommittee Report for comparison of relief programs in other Towns).
   a. Sudbury recently received legislative approval to raise the income limit to $60,000 (above the statutory limit of $40,000), and to reduce the interest rate (below the statutory rate of 8%).
   b. The Sudbury interest rate for deferral of 2003 taxes is 2%.
   c. No other neighboring Town has raised the income limit above $40,000 or reduced the interest rate below 8%.

The Appendix to the Subcommittee Report includes various senior profile reports (income, housing characteristics, housing costs, assessed values, tax burden, length of residency), overviews of relief programs available in Sudbury and neighboring Towns, and information about available programs not adopted in Sudbury.

Subcommittee C (See Attachment C, Report of Subcommittee C)

1. The Massachusetts Constitution requires property taxes to be "proportional" within the residential class and mandates that each individual pay "his share." The courts have stated that Towns cannot impose taxes "upon one class of persons or property at a different rate from that which is applied to other classes." However, the Constitution allows "reasonable" exemptions to be granted. Although the law is unclear, exemptions that are based on the taxpayer's ability to pay the tax are more likely to be viewed as "reasonable" exceptions to this proportionality requirement.

2. The Subcommittee reviewed tax relief programs, especially those that benefit seniors, established or proposed in other parts of the country.
   a. Many relief programs adopted in other states are similar to programs used in Massachusetts, such as a Circuit Breaker income tax credit (full or partial credit/rebate for taxes that exceed a certain percentage of income), tax deferral programs, or the value-based exemptions like the 5C residential exemption (reduction in the amount of assessed property value subject to taxation for owner-occupied housing).
   b. Other approaches used outside of Massachusetts would be (or may be) inconsistent with the constitutional requirement of proportionality. An example would be exempting seniors from override taxes.
   c. Some programs, such as the STAR program in New York, shift costs from local property taxes to State income taxes.

3. The Subcommittee reviewed programs that have been proposed by communities in Massachusetts and by the State legislature for statewide application.
   a. The Subcommittee considered tax relief bills filed by Towns and by legislators (often on behalf of constituents). The Subcommittee catalogued all senior tax relief bills from the 2002-2003 legislative session, including proposals for local or statewide implementation (See Attachment C), and followed several bills filed or re-filed in this legislative session. Examples include Lincoln's efforts to obtain approval of a local program to match the State Circuit Breaker income tax credit and Sherborn's petition for approval of an exemption for older seniors who have lived in Town many years.
   b. Subcommittee members and other PTERC members met with our legislators, communicated with other State officials, and attended legislative hearings.
   c. The Subcommittee has concluded that very few of the relief programs proposed are accepted by the legislature. Examples of approved local programs include extensions of current programs, such as Wayland's match of the Circuit Breaker income tax credit for those eligible for the credit and Sudbury's increased thresholds for the tax deferral program.
   d. Our continued research has confirmed the message we received from our legislators at the outset: the legislature will look at the needs of those who receive relief and assess the fairness of the burden shifted to other taxpayers. These factors will be measured in the context of the level of participation in

current relief programs including the tax deferral program. The Subcommittee believes that modeling a local relief program on one or more of the State-sanctioned relief programs will improve our chances of legislative approval.

4. The Subcommittee has analyzed the relative tax burdens among taxpayers of different ages using various measures. This analysis provides a baseline understanding of current tax burdens and helps us measure the tax burden that will be shifted to those who do not receive the benefits. (See Attachment C: Relative Tax Burdens).

a. Seniors on average have lower incomes and pay a higher percentage of their income in property taxes than is paid by younger residents.
b. Households headed by seniors ages 65 and older make up 17.3 % of the total households and pay 14% of the total residential tax burden.
c. Seniors 75 and older are hit particularly hard relative to income, paying on average 15.27% of income in property taxes.
d. There is a wide deviation in the amount of income that seniors pay in property taxes, indicating that some seniors pay a very high percentage of income while others may not need relief relative to other taxpayers.
e. There are a significant number of taxpayers younger than 65 who pay a high percentage of income in property taxes.

5. The Subcommittee has considered the impact of shifting the tax burden within the context of expectations about future tax increases.

a. The growth in residential property taxes reflects annual increases in the tax levy (total taxes raised): (i) by an amount up to the allowed 2 ½ %, (ii) by the new housing growth added to the tax base, (iii) by any overrides added to the tax base, and (iv) by any debt exemptions approved by Town vote, net of reimbursements on such debt received from the State. The property tax bill also includes payment of debt approved for capital exclusions (which is not added to the tax levy).

b. Residential property taxes have grown an average of 8.2% annually for the last five years (7.2% annually for the last 10 years).

(i) The new growth factor has increased considerably in recent years, adding an average of $700,000 to the tax base annually for the last five years.
(ii) There have been three overrides in the last five years.
(iii) The Town's debt burden has increased over the last 10 years as Sudbury has rebuilt its infrastructure, including several schools, a fire station, the Library, the highway facility and numerous land acquisitions. This has been the major driver of increases in the property tax burden over the last decade. The amount of debt included in the annual tax levy peaked in 2002, as scheduled, and declined in 2003 -- a trend that is expected to continue for a number of years.

c. In the absence of new overrides and debt exemptions that the Town may choose to consider, residential property taxes are not expected to increase at the same rate over the next decade as they have over the last.

   (i) The changing economy and other factors have resulted in a dramatic slow down in growth. The new growth factor is expected to decline to $600,000 added to the tax base this year, and $400,000 next year.

   (ii) The debt service for all approved capital projects is scheduled to decline for several years, after having peaked in 2002, (including the effect of anticipated delays in State reimbursement for school buildings).

d. The Subcommittee performed a sensitivity analysis, based on data from the Town, using the current tax levy projections and the current debt schedule, the growth in taxes over the next five years would be projected as:

   - 3% annually at a new housing growth rate of $400,000.

   - 3.1% annually at a new housing growth rate of $500,000.

   Should the Town decide to approve an operating override, these annual rates of growth in the tax levy will, of course, increase. It is currently anticipated however, that even with material overrides annually the rate of growth in the annual tax burden is likely to be less than has been experienced in the last decade. For example, should the Town decide to pass an annual override of approximately $1.7 million, the projected increase in the annual tax burden would be as follows:

   - 5.4% annually at a new housing growth rate of $400,000 and with annual overrides of $1.7 million.

   - 5.6% annually at a new housing growth rate of $500,000 and with annual overrides of $1.7 million.

   NOTE: This information is being provided for informational purposes only and should not be construed as an endorsement or rejection by PTERC of any future overrides.

6. The Subcommittee has considered implications of tax relief programs in other areas, such as the impact on the Towns' bond rating, on the real estate market, and generally on the Town's long-term financial well-being. The potential impact in these areas over the long-term is speculative. Just as it is difficult to measure the reasons people move out of Sudbury, there are limits to our ability to measure the specific reasons people move in to Sudbury and how those decisions may change. Many assume that people move to Sudbury for attributes such as school performance, open land, and security. Some members are concerned that a large burden shift could ultimately reduce funds available for Town services and thus alter

the Town character. If services were eroded significantly, this change could harm real estate values and the Town's financial well-being. However, the general expectation is that a relief program that provides a moderate burden shift while maintaining the tax base and that receives broad support in Town will not have negative long-term consequences in these areas.

SECTION IV – CONCLUDING REMARKS

In response to a specific request from the Selectmen as well as general interest on the part of members of PTERC, the Committee considered the viability of the Residential Exemption program, Section 5C, in solving the needs of overburdened taxpayers. After considerable review, summarized in Attachment E to this report, the Committee determined that it would recommend against the implementation of this program. The Residential Exemption merely creates a burden shift from homes of lower values to all homes over the average value. The shift occurs regardless of ability to pay and may in fact exacerbate the strain on some homeowners. This seems like a "blunt instrument" that is unlikely to solve the needs of Sudbury seniors in need.

Readers should be mindful that PTERC did not approach specific tax relief policy as a means of affecting development or social demographics. Additionally, the Committee considered a revision of the basis for assessing taxes, for example to align with services used, to be outside the scope of appropriate or achievable and timely results. In the early phases of the Committee's work the group determined that equity is best served if support is offered to those in need and support is provided by those deemed able to do so. Hence our objectives are to provide meaningful relief to those in need, in a manner that is viable and may be achieved. The Committee did not think the Town could extend relief beyond seniors at this time.

Respectfully Submitted:

Beth V. Farrell
Beth V. Farrell

Mark T Collins
Mark T Collins

Paul E Pakos
Paul E. Pakos

IVAN LUBASH

Susan Iuliano
Susan Iuliano

Karen M. Darmer
Karen M. Darmer

Claire Schlosser
Claire Schlosser

Basil Pallone
BASIL G. PALLONE

(See Attached Comments)
RALPH S TYLER

JOHN V. NIKULA

Marilyn Goodrich
MARILYN GOODRICH

WILLIAM. M. SHEEHAN

MICHAEL J.F. Du CROS.

Esther M. Mann
ESTHER M. MANN

Andrew M Schwarz

JOSEPH MEEKS

David J. Costello
David J. Costello

David L Levington
DAVID L LEVINGTON

William T. Maloney
WILLIAM T. MALONEY

TARA NOLAN REED

Arletta Cioffari
Arletta Cioffari

Attachment A

<u>Report of Sub-Committee A to PTERC (final update:10/1/03):</u>

Subcommittee A was assigned the following tasks:

1. Determine if there has been a senior citizen exodus from the Town of Sudbury that differs appreciably from patterns of the past 20 years.

2. Study and document the link between property tax levels and the decisions of senior residents of Sudbury to remain in or leave their single family homes within the Town. Identify other factors that influence such decisions.

3. Help determine the equity issues associated with relying on the property tax as the largest source of funding for the Town of Sudbury budget.

Summary of Findings:

Conclusions:
Subcommittee A finds no conclusive evidence in the demographic trends of Sudbury's senior citizens over the period from 1980 to 2002 to suggest that recent increases in property taxes, (or changes in any other single factor), have altered the behavior of senior residents to either remain in, or move from Sudbury during the study period.

This said, Subcommittee A believes that property taxes are among a number of influences that have a significant impact on senior housing decisions. Additionally, the rapid increase in property taxes in Sudbury in recent years have certainly impacted all residents, regardless of age, living on a modest incomes and who do not have the financial assets to otherwise compensate for these rising costs.

Subcommittee A believes that these circumstances create a compelling need to develop and promote programs that provide appropriate relief to Sudbury residents based on a their financial need.

Background:

There has been much discussion in Town asserting an association between the sharp increase in property taxes over the last decade and a precipitous exodus of senior citizens from Sudbury. Contrary to these assertions, an analysis of Town demographic data across 4 data points – 1980, 1990, 2000, and 2002, shows that Sudbury's senior population has been steadily rising as a percentage of the Town's population, even during a time when the Town has seen significant growth in its total population.

Subcommittee A acknowledges that there are members of PTERC that have a different perspective on this same data. These members prefer to focus on the change in the absolute numbers of residents in a given age category as they "age" into the next demographic category. The proponents of this perspective have correctly observed that the number of residents in a given age group show a pattern of decline over time as they age into older demographic categories. From their perspective, this decline constitutes an "exodus" and it is attributed it to the recent increase in property taxes.

While Subcommittee A acknowledges such a decline in population over time, it disagrees with the conclusions that this decline is a new phenomenon, or that rising property taxes are the reason why it occurs. The demographic data for 1980, 1990, 2000, and 2002 show that this decline is a phenomenon that occurs throughout the study period, and is a pattern that began long before the relatively recent increase in taxes.

To explore the potential link between housing decisions and taxes, Subcommittee A surveyed existing research on this topic to become knowledgeable of data that already exists, and to evaluate whether more research was warranted in order to complete our tasks.

Research conducted by government and senior advocacy organizations clearly indicate that there is a preference among seniors to "age in place". These studies also indicate that as people age, there are many factors that conspire against the wish to age in place that can result in a senior deciding to move. These factors include health, the environment, lifestyle choices, changing service needs, the physical and financial strain of maintaining a single family residence, transportation needs, proximity to family, or financial considerations (taxes, utilities, and/or the conversion of one asset, home equity, into income earning assets that fund retirement.)

In contrast, a local Sudbury survey done in 1997 by an earlier Town committee on Senior Tax Relief was considerably more dramatic in its findings. Out of 255 survey respondents, 141 residents anticipated moving from their current dwelling and 156 of the respondents cited property taxes as the number one motivation for their anticipated move. Contrast this to the fact that the 8 other possible reasons for moving listed in the survey garnered a total of only 17 responses as the prime reason to move.

Subcommittee A believes the general body of research on senior housing to be more helpful in understanding the complexity of issues facing today's seniors. While Subcommittee A believes the 1997 Sudbury survey demonstrates that rising taxes are a serious problem, the subcommittee is reluctant to draw conclusions that are as dramatic as the survey's results. This is because there is a universal expectation that people will respond with a positive answer if they are asked if their taxes are too high by a committee that has as its purpose the subject of tax relief, regardless of the age or the financial well being of the respondent.

Subcommittee A also compared the average Sudbury household tax bill to that of "like" Towns, (Concord, Wayland, Acton) and found that Sudbury taxes have been escalating at a much faster rate. Subcommittee A believes that this has the following implications for PTERC, even though these implications are beyond the scope of Subcommittee A's assignment:

a. We do not believe that seniors are given the information they need from the Town to adequately plan for their financial future given the unique circumstances faced by retired residents on fixed incomes. Senior residents deserve to have planning guidelines from the Town. Only one conclusion is possible for any resident on a modest fixed income who simply extrapolates their future taxes based upon the large tax increases of the previous 5 years: their future is unmanageable. Subcommittee A does not believe in blind extrapolations. We have confidence in Town managers to manage the tax burden responsibly, but in the absence of planning guidance, the recent tax trends can't help but cause tremendous concern among Sudbury Seniors.
b. We do not believe Town residents understand the detail behind what drives spending, where there are choices that can be made, what are the implicit spending priorities, or how wisely tax revenue is being spent. We think this lack of understanding exists in spite of very reasonable efforts by the Town and school committees to make the community knowledgeable of these issues. The disparity between Sudbury's tax burden and that of surrounding Towns will create increasing difficulty for Town managers unless there is a greater level of understanding of the detail and thought behind proposed budgets.
c. Subjectively, we believe the tax burden on all residents has grown to the point where it has become a significant issue, particularly for individuals regardless of age who are on fixed and/or modest incomes and who prefer to remain in Sudbury. Our Subcommittee does not know where it is appropriate to draw the line in creating programs to assist those in need. On one side of the line are individuals who may be forced to move to a lower cost location, either due to poor financial planning, or through unfortunate personal circumstances (where it is not feasible for the Town to act as an "insurer of last resort"). On the other side of the line are residents who have planned accordingly and have been fortunate enough to set aside the assets needed to sustain, with a previous degree of certainty, their future as a Sudbury resident. These residents are now seeing their carefully planned financial cushion severely eroded by rapidly rising property taxes. We believe the Town should find ways to assist such residents based upon their level of need.

Finally, Subcommittee A was asked to determine the equity issues associated with relying on the property tax as the largest source of funding for the Town. After much discussion, we concluded that the State of Massachusetts has established that the property tax is an accepted method to allocate the burden of taxation based upon a resident's ability to pay. We believe this may be a relic of an agricultural past when wealth was more accurately reflected in the value of an individual's land holdings. We discussed many other approaches, including those based on discretionary income, net worth, usage based mechanisms for distributing tax burden, or shifting burden from residential to commercial property. Very quickly, we realized that each approach had its upside and downside, not unlike the current system.

Subcommittee A also discussed the role of the commercial sector, and whether they should share a greater portion of the tax burden to provide relief to seniors. Subcommittee A believes it would be inappropriate for homeowners to look to commercial property as a way to address this issue. The commercial base in Sudbury is too small to be able to make a meaningful contribution to this effort without a significant increase in their tax rates. Subcommittee A believes that commercial tax rates should reflect the tradeoff between the Town's objectives for commercial development, and the commercial sector's responsibility to pay their fair share of the cost of sustaining the community in which they do business and prosper. We do not believe they should be mandated to subsidize initiatives intended to address larger social issues.

Subcommittee A's recommendation is for PTERC to find pragmatic solutions to help Sudbury residents who suddenly find themselves in serious financial difficulty due to rising property taxes, and who otherwise should have reasonably expected to be able to afford to live in Sudbury had these dramatic increases not occurred. These solutions should be acceptable within today's frameworks. We should be "turning the knobs that can be turned", by making funding decisions at a local level, and providing relief to residents in financial need.

Details:

1. The Numbers – population growth, demographics, and taxes:
In order to determine trends in Sudbury's senior population, the sub-committee undertook a study of data from the 1980, 1990 and 2000 US Census, as well as the 2002 Town Census. Data was analyzed on two dimensions, first by the absolute number of persons in each age group and second by the relative size/percentage of each age group to the whole.

The total population of Sudbury grew more quickly during the 1990's as shown below. The Town's growth and resultant issues were well documented by the Strategic Planning Committee in the 1999 Master Plan document.

Year	Population
1980	14,027
1990	14,358
2000	16,841
2002	17,423

The census data breaks down the population by age group, and Chart 1 (at the end of this document) shows the numbers of persons in each age group. There are two adult age groups that have declined in size since 1980; the 15-24 and 25-34. The 35-44, 45-54, 55-64, and 65 and over groups have shown fairly steady growth over the period, with only the 35-44 group showing a slight decline in 2002. The data shows that the 55-64 group grew from 1,000 to 1,850 between 1980 to 2002, while the 65 and over group grew from 700 to 1600. The data does not support the conclusion that there is an exodus in these age groups. To the contrary, the population in Sudbury is aging, and the numbers of younger adults has fallen over the study period.

Chart 2 shows the same demographic data by age group as a percent of the total population. This view filters out the impact of overall population growth and allows more direct analysis of trends over time. The 45-54 age group is alone in growing steadily. The 15-24 and 25-34 groups show a decline, and the 35-44 group appears to have peaked in 2000 at 20%. The 55-64 group is at it's highest percentage in 2002 at 11%, having grown from 7% in 1980, and the 65 and over group represents 10% of the population in 2000 and 2002, up from 5% in 1980.

Chart 3 shows the trend in the average property tax paid in Sudbury compared to similar surrounding Towns. Sudbury taxes are clearly growing at a faster rate than other "like" Towns. (Subcommittee A makes no judgment whether the rate of growth is appropriate or not, we only conclude that it exists.)

Based upon the facts in Charts 1, 2 & 3, Subcommittee A concludes the following regarding the senior population and taxes. The senior population has grown and shows no signs of leveling off. Seniors also make up a greater percentage of Sudbury's residents than they have in the past. There has not been a reversal in these demographic trends in spite of the significant increase in Sudbury's property taxes over this same period.

It is impossible to predict the future, but Subcommittee A believes that if the taxes continue to grow at the rates the Town has experienced over the past several years, it is likely they will reach a level where the tax burden will have a visible impact on future demographic patterns in Town even though there is no evidence of such an impact to date.

2. Why do Seniors Move?

Assessing Senior housing needs and the factors influencing them is a complex task that has been tackled by much larger committees, at higher levels of government, academia and business, possessing much greater resources and having more time to work, than that afforded to Subcommittee A. The Subcommittee decided the most productive course would be to leverage these sources. The Subcommittee also believed it is to the Town's advantage to learn from research that is unbiased by local controversy.

A number of links are presented below that contain information relevant to the work of Subcommittee A. These include healthcare industry interests, senior citizen advocates, prestigious academic research organizations, and government agencies. The picture that emerges is

1. All things being equal, people prefer to age in place.
2. As people age, their needs change. The kinds of services they need change. Their ability to access needed services can change. Physical features of their residence, previously well suited for a younger family, often require updating or modification as people age.
3. Lifestyle changes – weather preferences, outdoor activities. Urban/village settings vs. suburbs or country environments.
4. The desire to be closer to remote family members becomes stronger, or may even become a necessity.
5. Financial status changes. Portfolios and income return may change. Housing costs – maintenance, utilities, and taxes, are all subject to escalation. A viable financial plan built on one set of assumptions is vulnerable to changes in those assumptions.
6. Health status changes.
7. Government policy influences decisions – reimbursement rates differ for different approaches to assisted living and long-term care that may be a disincentive to remain in one's home.

So the issue of senior housing needs is complex and dynamic. No single influence seems to be a universal determining factor. Issues are different from individual to individual, and from one region to the next.

Below are links to documents reviewed by Subcommittee A:

http://www.todaysseniors.com/caregivers/why_retirement_community.shtml There are many reasons why a senior adult may choose to move to a retirement community . . .

http://www.karenmartin.us/seminars.html - interesting in that they have a seminar titled: "Why Seniors Move: Excerpts from Interviews with Seniors in Transition"

http://ohioline.osu.edu/ss-fact/0143.html: intro to this article: Older adults who relocate usually do so as a result of life opportunities (such as retirement), life changes (such as widowhood), and health changes. Older adults prefer to "age in place" or stay in their current home and neighborhood. Seniors usually move to locations that are perceived as highly desirable and have other older adults in close proximity. Not all such moves are to warmer climates, as some older adults relocate to retirement communities or choose to remain in the same community

http://www.housingzone.com/topics/pb/sales/pb00da605.asp - some interesting statistics are quoted in this article – "Certain destination areas are, however, expected to gain more than their current share of the elderly population. The Joint Center research found that by 2025, the following states will substantially outpace the national rate: Alaska, Arizona, Colorado, Georgia, Idaho, Montana, New Mexico, Nevada, North Carolina, Oregon, South Carolina, Texas, Utah, Washington and Wyoming. California, Florida and Texas together are expected to account for 29 percent of the total increase in the senior population. The states that will significantly lag national growth trends include Connecticut, District of Columbia, Illinois, Massachusetts, Michigan, New Jersey, New York, Pennsylvania and Rhode Island."

http://www.usa-retirement.com/articles/Retirementarticle_27.html - an interesting article because it speaks to the many factors that influence folks to move – it is not as simple as pointing to any one issue. And "Serow studies migration patterns of the elderly and he believes little has changed since the end of World War II."

http://www.talkinghistory.org/collison.html - This is a moving audio segment from Public Radio about a senior move. Its good to hear because it talks about the impact of the decision to move – (its focus is not on the "whys" behind the move though in this case it is for concerns of being near caregivers) – but it does talk about what a tough decision it is to move away from your community. The story to listen to is**:** "Mom's Good Move" (2000)

http://www.news.harvard.edu/gazette/2000/02.24/housing.html: Article titled: "Living Longer Presents Housing Challenges, According to New Report". The article references a report that we should explore acquiring: *Housing America's Seniors,* the final report of a two-year study by the Harvard Joint Center for Housing Studies, examines a variety of issues that will face the next generation of seniors. Accommodating home modifications and creating more housing choices are among the housing market's principal challenges, according to the report.

http://www.jchs.harvard.edu/research/senior.html This is the web site of the Harvard Joint Center for Housing Studies. It helps underscore the complexity of the issues surrounding seniors.

http://research.aarp.org/il/four_walls.html Results of a study examining age 45+ Americans' expectations regarding their homes, the communities in which they live, and the services that are available in their communities that could help them remain independent, comfortable, and safe as they grow older. (May 2003)

http://research.aarp.org/il/beyond_50_il.html The gap between what age 50+ people with disabilities say they need and what is available raises concerns that the United States is ill prepared to meet their desire for independence and control, both today and in the future. (April 2003)

http://www.aoa.dhhs.gov/eldfam/Housing/Housing.asp - AoA is the Federal focal point and advocate agency for older persons and their concerns.

http://www.aoa.dhhs.gov/prof/Statistics/profile/2002profile.pdf - A profile of elderly Americans. An interesting statistic is that upon reaching the age of 65, seniors are less likely to change residence than other age groups. In 1999, 4.2% of elderly households had moved since 1998, compared with 16.5% of persons under 65.

http://www.seniorscommission.gov/pages/final_report/finalreport.pdf - Following one year of independent research on housing, service and demographic issues and a series of nationwide hearings, the Seniors Commission presented its report to Congress on June 28, 2002. The Seniors Commission finds that with the aging of the World War II Baby Boom generation, the current lack of appropriate housing and services for seniors will be even more critical, unless policy changes are made. To address what is referred to as a "Quiet Crisis", the Commission is offering Congress more than 50 specific policy recommendations. From the exec summary: "*Senior Americans, whether rich, poor, or somewhere in the middle, face many barriers to an old age in which very basic human desires for physical safety, appropriate health care, and maximal independence are met. For some, crucial family supports will disappear as they outlive spouses or children move to distant places. For others, limited resources will prevent them from identifying and purchasing needed services. Many will lose their homes — long a symbol of their independence — due to rising property taxes and maintenance costs. Living alone, isolated from services and perhaps coping with disabilities that prevent social interactions, a large and growing number of seniors will face triple jeopardy: inadequate income, declining health and mobility, and growing isolation.*"

http://www.nreionline.com/ar/real_estate_challenging_commonly_held/ According to this article: virtually everyone wants to remain in his or her home for as long as possible. Until recently, research findings on this topic have been consistent - almost every older adult wants to remain in his or her home for as long as possible. A very recent (1996) survey by the Center for Mature Consumer Studies at Georgia State University, however, found that nearly 30% of respondents in a sample of nearly 1,500 persons aged 55 and older indicated that they plan to live in a retirement community. This is a substantially higher percentage than identified in previous studies and, in the author's opinion, still provides a distorted perspective due to the very broad age range of persons sampled. A better view of seniors would likely come from a sample of seniors aged 70 or 75 and older, rather than age 55 and older, because few people consider service-enriched seniors housing for themselves prior to age 75.

3. Property Taxes and Equity

Subcommittee A believes the issue of property taxes and equity is a matter of "pick your poison". The State uses property values as the primary mechanism for funding schools and Town operations. The theory is that an individual's ability to pay is a function of the assessed value of owned property. There is plenty of room to criticize this mechanism as less relevant to a person's ability to pay than other measures – such as discretionary income, or the value of all owned assets. Each mechanism has its own pros and cons. Add to this a dimension of personal and social philosophy – or the question of who should pay for what. For example, should a childless couple pay taxes to support schools? Should a person who does not drive, pay the same contribution towards roads as a person who does? Which costs should be shared because there is benefit to society as a whole? Who decides what qualifies as being of general benefit to society, versus personal benefit to a segment of the population? What should government be involved in? What should be the domain of private industry? And on, and on, the debate goes.

Subcommittee A has been an active participant in the discussions led by the other subcommittees, and during the briefing by state representatives and the representative from the state treasury. Subcommittee A has concluded that the issue of tax equity is moot in the context of the processes allowed by the state to raise revenue. Attempting to effect fundamental change at a state level is a noble effort, but an effort that is impacted by many factors beyond Sudbury's control and one that may take years before it delivers concrete benefits to residents who need assistance today.
To the extent that Sudbury has a sovereign right to exercise its discretion to help certain of its citizens, this is a "knob that we can turn" and the dimension of the tax issue where PTERC should focus. Subcommittee A looks forward to the final reports of the other PTERC subcommittees, and the focusing of PTERC's efforts on developing programs that Sudbury can implement to assist senior residents on fixed incomes that are experiencing hardship due to rising property taxes.

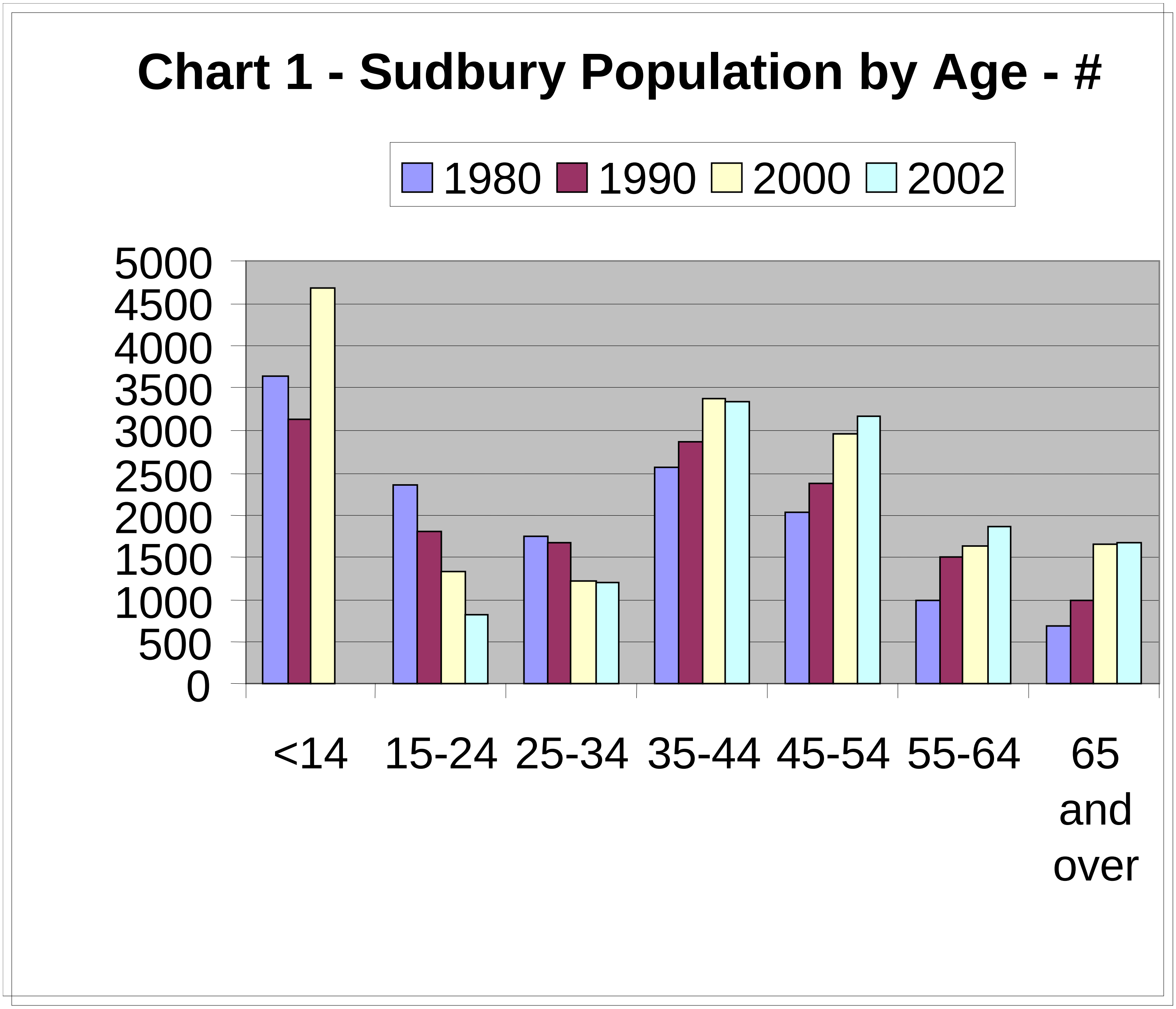


Chart 1 - Sudbury Population by Age - #
1980
1990
2000
2002
5000
4500
4000
3500
3000
2500
2000
1500
1000
500
0
<14
15-24
25-34
35-44
45-54
55-64
65 and over

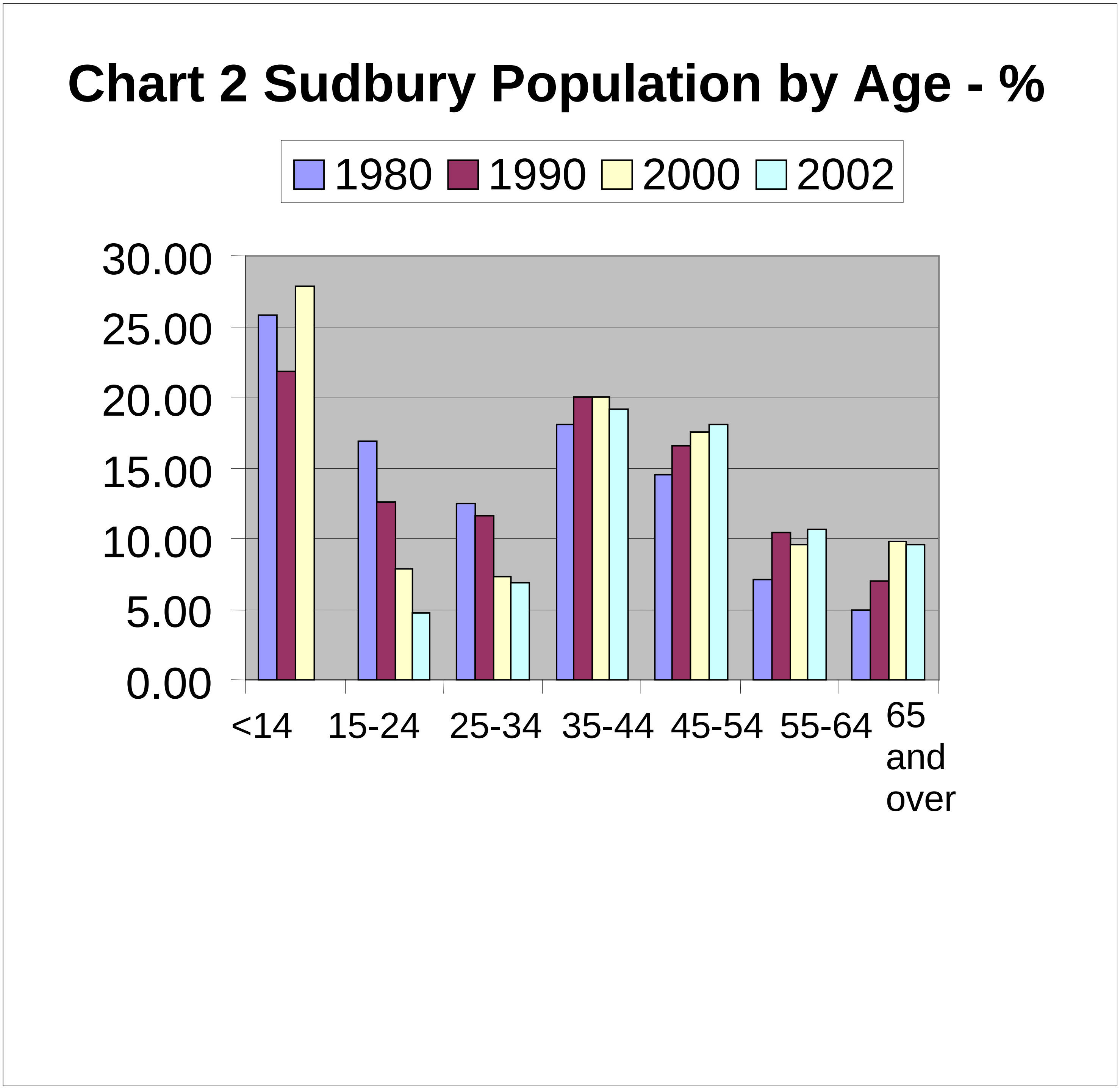


Chart 2 Sudbury Population by Age - %
1980
1990
2000
2002
30.00
25.00
20.00
15.00
10.00
5.00
0.00
<14
15-24
25-34
35-44
45-54
55-64
65 and over

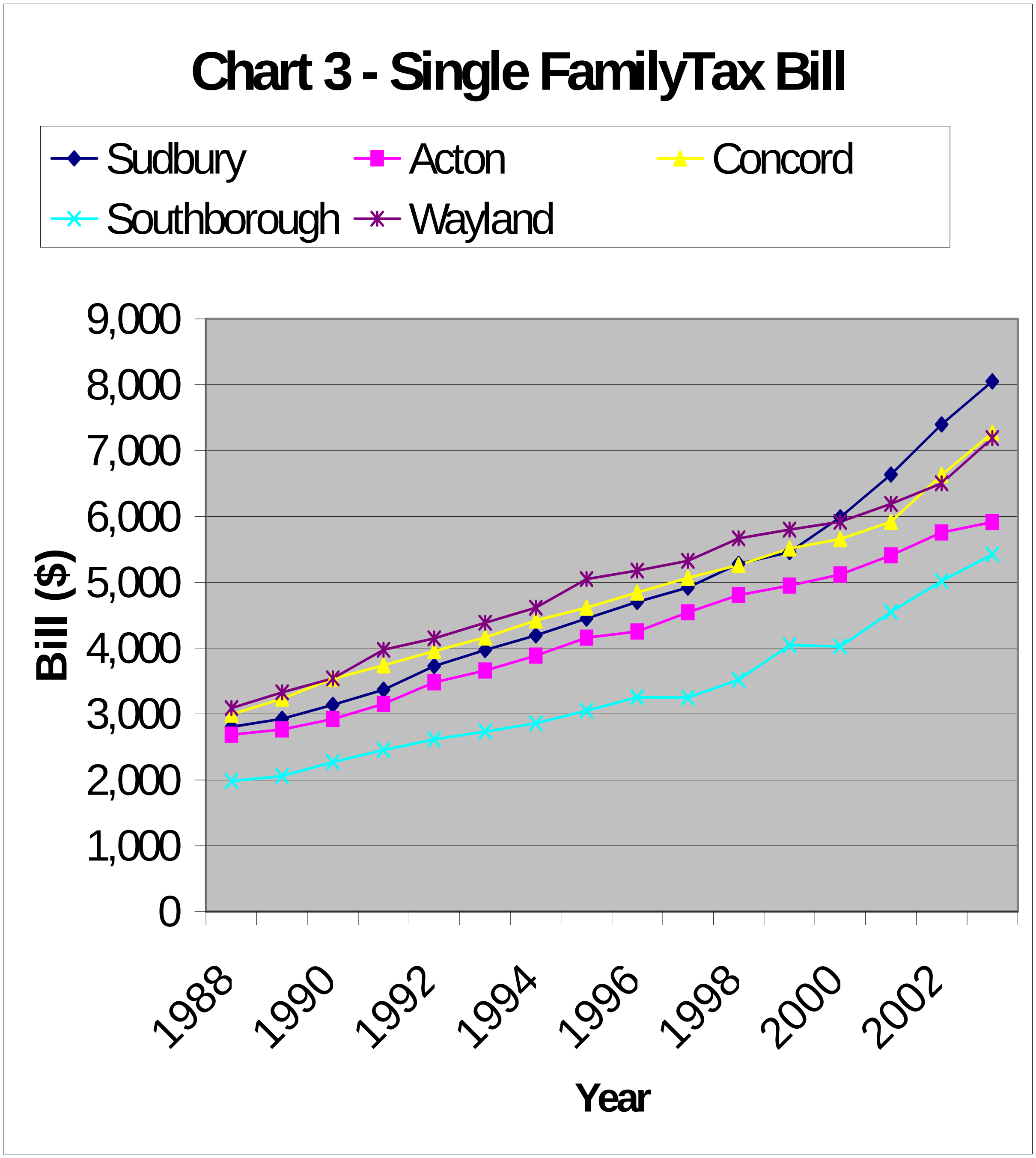


Chart 3 - Single FamilyTax Bill
Sudbury
Acton
Concord
Southborough
Wayland
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
Bill ($)
1988
1990
1992
1994
1996
1998
2000
2002
Year

Attachment B

The following pages contain the presentation that was a limited part of the Subcommittee B, largely presenting conclusions. The full report is available with the various hard copies of this report filed with the Town, and was also separately provided on the PTERC portion of the Town web-site. The additional materials include numerous spreadsheets and data reviewed and developed by the Committee, as well as other resources.

PROPERTY TAX EQUITY RELIEF COMMITTEE
SUBCOMMITTEE B
PRELIMINARY REPORT
SEPTEMBER 9, 2003

Subcommittee B
Our Charge

- Describe the typical Sudbury senior
- Summarize tax relief programs in area
- Compare residential & commercial tax rates
- Assess existing usage level in Sudbury
- Identify tax relief programs available in MA, not offered in Sudbury

Subcommittee B Methodology

- Reviewed available data from Town of Sudbury and other Towns
- Collected and reviewed data available from US Census, MA DOR, COA and other
- Contacted individuals in Sudbury and other Towns for supporting information
- Extensive group interaction

Observations

- There are seniors in Town who do need help
- Some non-seniors also need help
- Not all seniors need help
- Existing Programs Have Low Participation
- Town deferral program is more favorable than in other Towns
- Sudbury could improve existing programs and/or consider new ones

There are Seniors in Town Who Do Need Help

- Approximately 50% of senior households had an income of less than $60,000 (1999, owner and renter occupied, aged 65+)
- The median household income for seniors aged 75 & over is $27,692 (1999, owner and renter occupied)
- 17% (140 households) spend 35% or more of income on owner costs (1999, aged 65+, owner occupied)
- Maximum tax relief available from current programs is $790
- Maximum tax relief from combined programs is $1,290 which represents 20% of average senior tax bill (age 65 and over)
- Taxes will undoubtedly continue to increase, while their fixed income will not

Not All Seniors Need Help

- Average household income is $89,718
- The average property tax burden is $6,553; or roughly 7% of the average household income
- 65% (533 households) spend less than 20% of income on household costs (mortgage, taxes, insurance, and utilities)

(Note, owner occupied, 65 and over, 1999 income)

Existing Programs Have Low Participation

- Circuit breaker/Deferral Program
  - 136 households use circuit breaker
  - Average credit is $712.23 (circuit breaker)
  - 24 seniors use deferral program
- 24 use the elderly exemption
- 11 use elderly reduction
- Tax work off program is highly utilized - 44 of 45 positions filled

Town Deferral Program is More Favorable than in Other Towns

- Sudbury recently voted to increase the income limit on deferrals to $60,000 and reduce the interest rate, variable, but currently set at 2%
- No other neighboring Town has gone to $60,000 (some at $40k, others at $20K) or reduced interest rate from 8% or in a few cases even greater than 8%

Sudbury Could Improve Programs or Consider New Ones

- Tax work-off relief could be expanded, from current $500
- Could add local circuit breaker as Wayland has ($790), to match the state
- Maximize elderly reduction ($1000)
- Study a modified 5c exemption program
  - Adopted by cities with large renter population (11 community)
  - Shifts tax burden to others
  - Benefit broader segment of community

Additional Ideas for Consideration

- Personalize tax program awareness
- Recommend leniency guidelines for hardship cases
- Consider line item budget to fund hardship cases
- Urge fiscal restraint
- Consider zoning changes to increase tax base (e.g., cluster housing, condo's)

Open Issues

- How many seniors qualify for individual programs?
- What is the property tax forecast for the next ten years?
- Is low program participation normal? If no, what factors are driving low participation?
- Definitive data on why "50+" leave Town?
- What percent of income toward household expense is considered normal?

Appendix

- Senior Housing Characteristics, Aged 65+, Single Family Residences
- Income Characteristics - Owner Occupied Units, Aged 65+ (1999 household income)
- Housing Costs - Owner Occupied Units, Aged 65+
- 1999 Income Characteristics - Median Household Income, Owner and Renter Occupied Units
- Town of Sudbury, Assessed Values and Tax Burden, Senior Citizens
- Town of Sudbury, Assessed Values, Senior Citizens
- Town of Sudbury, Tax Burden, Senior Citizens
- Town of Sudbury, Household Income in 1999 (1)
- Town of Sudbury, Household Income in 1999 (2)
- Tenure by Age of Householder by Year Householder Moved into Unit, Owner Occupied Housing Units (1)
- Tenure by Age of Householder by Year Householder Moved into Unit, Owner Occupied Housing Units (2)
- Household Income in 1999 (Dollars) by Tenure by Age of Householder by Year Householder Moved into Unit, Owner Occupied Units
- Average Household Income, Owner Occupied Units, 65 and over
- Selected Monthly Owner Costs as a Percent of Household Income in 1999, Owner Occupied Units (1)
- Selected Monthly Owner Costs as a Percent of Household Income in 1999, Owner Occupied Units (2)
- Existing Tax Relief Programs
- Town of Sudbury, 2003 Exemption Sheet
- Residential Property Deferred Tax Calculator
- Programs Allowed Under MA Law not Currently offered in Sudbury
- Existing Programs in Abutting Towns
- How does Sudbury Compare, Commercial and Residential Levies?
- Excerpt from COA Newsletter on Tax Deferred Calculations, January 2003
- Articles on Reverse Mortgages:
    - ***THE DOWNSIDE OF REFINANCING YOUR HOME*****; BEVERLY GOODMAN; WWW.THESTREET.COM; AUGUST 27, 2003.**
    - ***REVERSE MORTGAGES LURE MANY SENIORS*****; DAVID ABEL; THE BOSTON GLOBE; AUGUST 4, 2003.**
    - ***FOR SOME, RELIEF NOW MAY COST PLENTY LATER*****; DAVID ABEL; THE BOSTON GLOBE, AUGUST 4, 2003.**

Senior Housing Characteristics, Aged 65 and over, Single Family Residences:

- The average assessed value of homes occupied by senior households is approximately $390,000 and their annual average property tax is $6,553 (single family residences, property code 101)

- Over 60% of seniors households, aged 65 and over, live in homes assessed at less than $400,000. A small percentage (6.6%) own homes with an assessed value of $600,000 or more.

- Over 50% of senior households, aged 65 and over, pay less than $6,000 per year in annual property taxes. Approximately 40% of senior households, aged 65 and over, pay between $6,000 and 8,000 per year in property taxes.

- Over 80% of senior households, aged 65 and over, have lived in their homes since 1979. Less than 10% of senior households, aged 65 and over, have lived in their homes since 1990.

Income Characteristics - Owner Occupied Units, Aged 65 and over:

- The average income for seniors households, aged 65 and over, is approximately $89,000 (1999 income, owner occupied housing).

- The average household income for senior households (owner occupied), aged 65 and over, is about half that of owner occupied households aged 35 to 64 (approximately $89,000 compared to $187,000)

- For those seniors who have lived in their home since at least 1970, the average household income is approximately $70,000 (1999 income, owner occupied housing).

- The average income for senior households, aged 65 and over, is over $100,000 for those seniors who moved in to their homes between 1970 and 1994 (1999 income, owner occupied housing).

- A small number of senior households, aged 65 and over, who moved into their home since 1995, averaged less than $60,000 in household income (1999 income, owner occupied housing).

Housing Costs - Owner Occupied Units, Aged 65 and over

- Housing cost include mortgages, equity loans, property taxes, property insurance and utilities

- Approximately 65% of senior households spend less than 20% of their household income on housing costs.

- Approximately 82% of senior households spend less than 35% of their household income on housing costs.

- Approximately 17% of senior households spend 35% or more of their household income on housing costs.

1999 Income Characteristics - Median Household Income, Owner and Renter Occupied Units:

- The median household income for the Town of Sudbury is approximately $118,000.

- The median household income, for seniors aged 65-74 is approximately $70,000

- The median household income, for seniors aged 75 & over is approximately $27,000

List of Resources

U.S Census, Census 2000
Town clerk's record
Town assessor's record

TOWN OF SUDBURY
ASSESSED VALUES AND TAX BURDEN
SENIOR CITIZENS

SUMMARY

	AGE GROUP		
	Over 60	60-64	65 and Over
Sample Size	1,353	434	919
Aggregate Assessed Value	$ 556,300,900	$ 197,388,900	$ 358,912,000
Average Assessed Value	$ 411,161	$ 454,813	$ 390,546
Median Assessed Value	$ 378,500	$ 429,600	$ 356,700
Maximum Assessed Value	$ 1,545,800	$ 1,476,900	$ 1,545,800
Minimum Assessed Value	$ 128,300	$ 142,900	$ 128,300
Average Tax	$ 6,899	$ 7,632	$ 6,553
Median Tax	$ 6,386	$ 7,178	$ 5,997

Notes:
Prepared by PTERC Subcommittee B
Tax rate of $16.78 per thousand
Projected Senior household as of January 1, 2004
Source of raw data - Town records, courtesy of R.Tyler
Residential Tax Code 101

TOWN OF SUDBURY
ASSESSED VALUES
SENIOR CITIZENS

Assessed Value	Age 60 and Over		60 - 65		Age 65 and Over	
	Number	% of Total	Number	% of Total	Number	% of Total
Less than $300,000	328	24.2%	71	16.4%	257	28.0%
$300,000 - $400,000	409	30.2%	108	24.9%	301	32.8%
$400,000 - $500,000	337	24.9%	121	27.9%	216	23.5%
$500,000 - $600,000	155	11.5%	70	16.1%	84	9.1%
$600,000 - $700,000	57	4.2%	31	7.1%	27	2.9%
$700,000 - $800,000	30	2.2%	17	3.9%	13	1.4%
$800,000 - $900,000	13	1.0%	7	1.6%	6	0.7%
$900,000 and over	24	1.8%	9	2.1%	15	1.6%
Total	1,353	100.0%	434	100.0%	919	100.0%

Notes:
Prepared by PTERC Subcommittee B
Projected Senior Household as of January 1, 2004
Source of data - Town records courtesy of R.Tyler

TOWN OF SUDBURY
TAX BURDEN
SENIOR CITIZENS

	Age 60 and Over		60 - 65		Age 65 and Over	
Tax Bill	Number	% of Total	Number	% of Total	Number	% of Total
Less than $4000	100	7.4%	24	5.5%	76	8.3%
$4000 - $6000	543	40.1%	129	29.7%	414	45.0%
$6000 - $8000	415	30.7%	142	32.7%	273	29.7%
$8000 - $10,000	183	13.5%	82	18.9%	101	11.0%
$10,000 - $12,000	59	4.4%	32	7.4%	27	2.9%
$12,000 and Over	53	3.9%	25	5.8%	28	3.0%
Total	1,353	100.0%	434	100.0%	919	100.0%

Notes:
Prepared by PTERC Subcommittee B
Tax rate of $16.78 per thousand
Projected Senior household as of January 1, 2004
Source of data - Town records courtesy of R.Tyler

TOWN of SUDBURY

HOUSEHOLD INCOME IN 1999

	Total	Age Group: Under 25	25-34	35-44	45-54	55-64	65-74	75 & Over
Median Income	$ 118,579	$ 43,958	$ 103,995	$ 145,495	$ 135,292	$ 123,506	$ 70,104	$ 27,692
Total:	5,523	21	522	1,608	1,613	886	571	302
Less than $10,000	164	7	36	7	24	9	21	60
$10,000 to $14,999	87	0	10	0	0	31	0	46
$15,000 to $19,999	87	0	9	7	22	13	27	9
$20,000 to $24,999	125	0	13	30	32	22	0	28
$25,000 to $29,999	88	0	0	7	41	0	20	20
$30,000 to $34,999	84	0	0	7	16	12	25	24
$35,000 to $39,999	101	0	14	11	22	27	18	9
$40,000 to $44,999	95	6	10	18	18	19	13	11
$45,000 to $49,999	141	0	0	36	26	27	43	9
$50,000 to $59,999	257	0	36	64	71	29	57	0
$60,000 to $74,999	327	0	19	107	70	29	73	29
$75,000 to $99,999	645	0	103	152	171	82	94	43
$100,000 to $124,999	714	8	57	233	201	150	62	3
$125,000 to $149,999	542	0	78	148	199	72	42	3
$150,000 to $199,999	714	0	40	268	263	115	20	8
$200,000 or more	1,352	0	97	513	437	249	56	0

Prepared by PTERC Subcommittee B

Source: U.S. Census, Census 2000

P52. HOUSEHOLD INCOME IN 1999 [17] - Universe: Households

Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

P53. MEDIAN HOUSEHOLD INCOME IN 1999 (DOLLARS) [1] - Universe: Households

Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

P55. AGE OF HOUSEHOLDER BY HOUSEHOLD INCOME IN 1999 [120] - Universe: Households

Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

P56. MEDIAN HOUSEHOLD INCOME IN 1999 (DOLLARS) BY AGE OF HOUSEHOLDER [8] - Universe: Households

Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

TOWN of SUDBURY

HOUSEHOLD INCOME IN 1999

	Total			Under 55			65 and Over		
Income Range	Number of Households	Cumulative Households	Cumulative Percent of Total	Number of Households	Cumulative Households	Cumulative Percent of Group Total	Number of Households	Cumulative Households	Cumulative Percent of Group Total
Less than $10,000	164	164	3%	74	74	2%	81	81	9%
$10,000 to $14,999	87	251	5%	10	84	2%	46	127	15%
$15,000 to $19,999	87	338	6%	38	122	3%	36	163	19%
$20,000 to $24,999	125	463	8%	75	197	5%	28	191	22%
$25,000 to $29,999	88	551	10%	48	245	7%	40	231	26%
$30,000 to $34,999	84	635	11%	23	268	7%	49	280	32%
$35,000 to $39,999	101	736	13%	47	315	8%	27	307	35%
$40,000 to $44,999	95	831	15%	52	367	10%	24	331	38%
$45,000 to $49,999	141	972	18%	62	429	11%	52	383	44%
$50,000 to $59,999	257	1229	22%	171	600	16%	57	440	50%
$60,000 to $74,999	327	1556	28%	196	796	21%	102	542	62%
$75,000 to $99,999	645	2201	40%	426	1222	32%	137	679	78%
$100,000 to $124,999	714	2915	53%	499	1721	46%	65	744	85%
$125,000 to $149,999	542	3457	63%	425	2146	57%	45	789	90%
$150,000 to $199,999	714	4171	76%	571	2717	72%	28	817	94%
$200,000 or more	1352	5523	100%	1047	3764	100%	56	873	100%
Total:	5,523			3,764			873		

Prepared by PTERC Subcommittee B

Source: U.S. Census, Census 2000
P52. HOUSEHOLD INCOME IN 1999 [17] - Universe: Households
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

P55. AGE OF HOUSEHOLDER BY HOUSEHOLD INCOME IN 1999 [120] - Universe: Households
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

TENURE BY AGE OF HOUSEHOLDER BY YEAR HOUSEHOLDER MOVED INTO UNIT
Owner Occupied Housing Units

	15 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 and Over	Total
Total	8	347	1,436	1,501	907	631	230	5060
Moved in 1999 to March 2000	0	113	198	77	9	7	0	404
Moved in 1995 to 1998	8	194	603	251	48	9	0	1113
Moved in 1990 to 1994	0	40	489	350	94	43	7	1023
Moved in 1980 to 1989	0	0	119	556	243	47	28	993
Moved in 1970 to 1979	0	0	8	232	377	174	57	848
Moved in 1969 or earlier	0	0	19	35	136	351	138	679

Prepared by PTERC Subcommittee B

Source: U.S. Census, Census 2000
HCT7. TENURE BY AGE OF HOUSEHOLDER BY YEAR HOUSEHOLDER MOVED INTO UNIT [101] - Universe: Occupied housing units
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

TENURE BY AGE OF HOUSEHOLDER BY YEAR HOUSEHOLDER MOVED INTO UNIT

Owner Occupied Housing Units

			Under 55		65 and Over	
	Total Households	Percent of Total	Number of Households	Percent of Group Total	Number of Households	Percent of Group Total
Moved in since 1990 (10 years or less*)	2540	50%	2323	71%	66	8%
Moved in since 1980 to 1989 (10 -20 years*)	993	20%	675	21%	75	9%
Moved in 1979 earlier (20 years or longer*)	1527	30%	294	9%	720	84%
Total	5060	100%	3292	100%	861	100%

Prepared by PTERC Subcommittee B

*As of U.S. Census, 2000, March 2000

Source: U.S. Census, Census 2000

HCT7. TENURE BY AGE OF HOUSEHOLDER BY YEAR HOUSEHOLDER MOVED INTO UNIT [101] - Universe: Occupied housing units

Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

HOUSEHOLD INCOME IN 1999 (DOLLARS) BY TENURE BY AGE OF HOUSEHOLDER BY YEAR HOUSEHOLDER MOVED INTO UNIT
OWNER OCCUPIED UNITS

	15 to 34	35 to 64	65 and over	Total
Total	$ 51,554,800	$ 720,019,900	$ 77,246,800	$ 848,821,500
Moved in 1999 to March 2000	$ 16,259,800	$ 74,109,900	$ 353,900	$ 90,723,600
Moved in 1995 to 1998	$ 31,194,200	$ 180,343,600	$ 521,100	$ 212,058,900
Moved in 1990 to 1994	$ 4,100,900	$ 178,352,000	$ 9,153,700	$ 191,606,600
Moved in 1980 to 1989	$ -	$ 174,475,100	$ 7,687,000	$ 182,162,100
Moved in 1970 to 1979	$ -	$ 91,398,300	$ 25,048,200	$ 116,446,500
Moved in 1969 or earlier	$ -	$ 21,341,000	$ 34,482,900	$ 55,823,900

Prepared by PTERC Subcommittee B

Source: U.S. Census, 2000 Census
HCT16. AGGREGATE HOUSEHOLD INCOME IN 1999 (DOLLARS) BY TENURE BY AGE OF HOUSEHOLDER
BY YEAR HOUSEHOLDER MOVED INTO UNIT [45] - Universe: Occupied housing units
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

AVERAGE HOUSEHOLD INCOME
OWNER OCCUPIED UNITS
65 and Over

Time in Town	Aggregate Income(1) Owner Occupied Units 65 and over	Number of Households (2) Owner Occupied Units 65 and over	Average Household Income (3) Owner Occupied Units 65 and over
Total	$ 77,246,800	861	$ 89,718
Moved in 1999 to March 2000	$ 353,900	7	$ 50,557
Moved in 1995 to 1998	$ 521,100	9	$ 57,900
Moved in 1990 to 1994	$ 9,153,700	50	$ 183,074
Moved in 1980 to 1989	$ 7,687,000	75	$ 102,493
Moved in 1970 to 1979	$ 25,048,200	231	$ 108,434
Moved in 1969 or earlier	$ 34,482,900	489	$ 70,517

Prepared by PTERC Subcommittee B

(1) Source: U.S. Census, 2000 Census
HCT16. AGGREGATE HOUSEHOLD INCOME IN 1999 (DOLLARS) BY TENURE BY AGE OF HOUSEHOLDER BY YEAR HOUSEHOLDER MOVED INTO UNIT [45] - Universe: Occupied housing units
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

(2) Source: U.S. Census, Census 2000
HCT7. TENURE BY AGE OF HOUSEHOLDER BY YEAR HOUSEHOLDER MOVED INTO UNIT [101] - Universe: Occupied housing units
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

(3) Column 1 divided by column 2

SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN 1999
Owner Occupied Units

	NUMBER OF HOUSEHOLDS							
	Total	Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	Over 75
Less than 20 percent	2710	0	132	690	757	598	424	109
20 to 24 percent	635	0	85	230	216	52	22	30
25 to 29 percent	369	0	57	176	93	25	6	12
30 to 34 percent	313	0	9	112	115	13	51	13
35 percent or more	764	8	52	181	234	149	74	66
Not computed	22	0	0	0	13	0	9	0
Total:	4813	8	335	1,389	1,428	837	586	230

Prepared by PTERC Subcommittee B

Source:

U.S. Census Bureau, Census 2000
Census 2000

H96. AGE OF HOUSEHOLDER BY SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN 1999 [50] - Universe: Specified owner-occupied housing units
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data
NOTE: Data based on a sample except in P3, P4, H3, and H4. For information on confidentiality protection, sampling error, nonsampling error, and definitions see http://factfinder.census.gov/home/en/datanotes/expsf3.htm.

Household costs includes mortgages, equity loans, taxes, insurance & utilities

SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN 1999
Owner Occupied Units

	NUMBER OF HOUSEHOLDS								
				Under 55			65 AND Over		
	Number of Households	Cumulative Number of Households	Percent of Group Total	Number of Households	Cumulative Number of Households	Percent of Group Total	Number of Households	Cumulative Number of Households	Percent of Group Total
Less than 20 percent	2710	2710	56%	1579	1579	50%	533	533	65%
20 to 24 percent	635	3345	69%	531	2110	67%	52	585	72%
25 to 29 percent	369	3714	77%	326	2436	77%	18	603	74%
30 to 34 percent	313	4027	84%	236	2672	85%	64	667	82%
35 percent or more	764	4791	100%	475	3147	100%	140	807	99%
Not computed	22	4813	100%	13	3160	100%	9	816	100%

Prepared by PTERC Subcommittee B

Source:

U.S. Census Bureau, Census 2000
Census 2000

H96. AGE OF HOUSEHOLDER BY SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN 1999 [50] - Universe: Specified owner-occupied housing units
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data
NOTE: Data based on a sample except in P3, P4, H3, and H4. For information on confidentiality protection, sampling error, nonsampling error, and definitions see http://factfinder.census.gov/home/en/datanotes/expsf3.htm.

Household costs includes mortgages, equity loans, taxes, insurance & utilities

EXISTING TAX RELIEF PROGRAMS

PROGRAM NAME	SENIOR TAX DEFERRAL (41A)	ELDERLY EXEMPTION [18]	ELDERLY REDUCTION [41D]	INCOME TAX CIRCUIT BREAKER	SURVIVING SPOUSE/CHILD [17E]	VETERAN [22]	BLIND [37A]	COMMUNITY PRESERVATION FUND	WORK-OFF PROGRAM
ASSISTANCE TYPE	Defers tax until property sold	Tax Relief -See notes	Tax reduction	State tax refund	Tax relief	Tax relief - see below	Tax relief	Surcharge reduction or elimination	Real estate tax reduction
ELIGIBILITY	60 yrs +	n/a	70 yrs +	65+	70+ and/or minor	None	None	60+	60+
INCOME LIMIT	Gross income <$60,000		$14,044 - single; $16,025 - married; See notes	Single - $40,000; married - $60,000	No limits	None	None	Single - $56,550; married - $64,640*	$30,000 (variable)
ASSET LIMIT	No guidelines		$30,250 - single; $32,410 married	$425,000 max. assessed value	$42,838.26 - excluding house	None	None	First $100,000 property exempt	None
ASSISTANCE AMOUNT	Defer real estate tax	Deduction taxes	$500	FY 2002 - $750 max. amount	$222.23	$250 to full exemption	$500	See below	$500 worked off at $6/hr. in town position
NOTES	May defer taxes to 50% assessed valuation. Tax lien on property. FY 2004=2%	Age, financial condition, physical infirmity, military status. Soley at discretion of assessors	Social security credits of $3,405 - single; $5,108 - married; Owned property 5 yrs; Live in MA 10 yrs	Reduces state income tax (or refund if no taxes owed) for senior whose property tax exceeds 10% of income	Owned and occupied property past 5 yrs	Lived in MA 5 yrs; Min. disability 10%	Certificate of blindness	*If below above number, no surcharge; Properties entitled to abatement or exemption receive proportional CFP exemption; FY2004 use 2002 income	Up to 45 positions available. Voluntary information provided by resident. Will vary with availability of town funds.R/E taxes reduced $500 No W-2.

Note: Clauses 42 & 43 cover fire and police

TOWN OF SUDBURY 2003 EXEMPTION SHEET

CLAUSE	NUMBER OF QUALIFYING APPLICANTS	TOTAL DOLLARS EXEMPTED	AMOUNT OF REIMBURSEMENT (DOLLARS)
Surviving Spouse/Child [17D/E]	23	$ 9,659.65	
Veterans [22]	68	$ 33,404.72	$ 9,388.00
Blind [37A]	11	$ 10,423.81	
Elderly/Hardship [18]	24	$ 45,847.46	None
Elderly Reduction [41D]	11	$ 8,418.54	$ 6,426.00
Senior Work Off	44	$ 20,678.00	None
Community Preservation Fund	198	$ 26,107.56	None
Senior Tax Deferral [41A]	24	$ 97,991.07	Payback upon sale of property
Totals	**403**	**$ 252,530.81**	**$ 15,814.00**

<u>Miscellaneous (Over 65 years of age)</u>

Average Tax Bill	$ 6,553.00
Average Income	$ 89,718.00
Avgerage Assessed Value	$ 390,546.00

Sudbury Residential Property Deferred Tax Calculator

Enter Values	
House Value in 2003	$ 500,000.00
Estimated Annual House Value Appreciation (%)	2.00 %
Total Property Tax for 2003	$ 7,000.00
Estimated Annual Increase in Property Tax Payments (%)	2.00 %
Percent of Annual Property Tax You Would like to Defer (1-100%)	25.00 %
Interest Rate on Deferred Tax (%)	2.00 %

Period	Calendar Year	Estimated House Value	Estimated Current Year Taxes	Current Year Taxes Deferred	Interest on Deferred Balance	Accumulated Deferred Tax Balance	Accumulated Deferred Tax as % of House Value	Estimated House Value Less Accumulated Deferred Tax	Can You Defer Tax?
0	2003	$ 500,000.00	$ 7,000.00	$ 1,750.00	$ 21.88	$ 1,771.88	0.4%	$ 498,228.13	Yes
1	2004	510,000.00	7,140.00	1,785.00	57.75	3,614.63	0.7%	506,385.38	Yes
2	2005	520,200.00	7,282.80	1,820.70	95.05	5,530.38	1.1%	514,669.62	Yes
3	2006	530,604.00	7,428.46	1,857.11	133.82	7,521.31	1.4%	523,082.69	Yes
4	2007	541,216.08	7,577.03	1,894.26	174.10	9,589.67	1.8%	531,626.41	Yes
5	2008	552,040.40	7,728.57	1,932.14	215.95	11,737.76	2.1%	540,302.64	Yes
6	2009	563,081.21	7,883.14	1,970.78	259.39	13,967.93	2.5%	549,113.28	Yes
7	2010	574,342.83	8,040.80	2,010.20	304.49	16,282.62	2.8%	558,060.21	Yes
8	2011	585,829.69	8,201.62	2,050.40	351.28	18,684.31	3.2%	567,145.38	Yes
9	2012	597,546.28	8,365.65	2,091.41	399.83	21,175.55	3.5%	576,370.74	Yes
10	2013	609,497.21	8,532.96	2,133.24	450.18	23,758.96	3.9%	585,738.25	Yes
11	2014	621,687.15	8,703.62	2,175.91	502.38	26,437.25	4.3%	595,249.91	Yes
12	2015	634,120.90	8,877.69	2,219.42	556.49	29,213.16	4.6%	604,907.74	Yes
13	2016	646,803.32	9,055.25	2,263.81	612.56	32,089.53	5.0%	614,713.79	Yes
14	2017	659,739.38	9,236.35	2,309.09	670.65	35,069.27	5.3%	624,670.11	Yes
15	2018	672,934.17	9,421.08	2,355.27	730.83	38,155.37	5.7%	634,778.80	Yes
16	2019	686,392.85	9,609.50	2,402.37	793.14	41,350.88	6.0%	645,041.97	Yes
17	2020	700,120.71	9,801.69	2,450.42	857.65	44,658.95	6.4%	655,461.76	Yes
18	2021	714,123.12	9,997.72	2,499.43	924.42	48,082.80	6.7%	666,040.32	Yes
19	2022	728,405.59	10,197.68	2,549.42	993.52	51,625.75	7.1%	676,779.84	Yes
20	2023	742,973.70	10,401.63	2,600.41	1,065.02	55,291.17	7.4%	687,682.52	Yes
21	2024	757,833.17	10,609.66	2,652.42	1,138.98	59,082.57	7.8%	698,750.60	Yes
22	2025	772,989.84	10,821.86	2,705.46	1,215.47	63,003.50	8.2%	709,986.33	Yes
23	2026	788,449.63	11,038.29	2,759.57	1,294.56	67,057.64	8.5%	721,391.99	Yes
24	2027	804,218.62	11,259.06	2,814.77	1,376.34	71,248.74	8.9%	732,969.88	Yes
25	2028	820,303.00	11,484.24	2,871.06	1,460.86	75,580.67	9.2%	744,722.33	Yes
26	2029	836,709.06	11,713.93	2,928.48	1,548.22	80,057.37	9.6%	756,651.69	Yes
27	2030	853,443.24	11,948.21	2,987.05	1,638.49	84,682.91	9.9%	768,760.33	Yes
28	2031	870,512.10	12,187.17	3,046.79	1,731.74	89,461.44	10.3%	781,050.66	Yes
29	2032	887,922.35	12,430.91	3,107.73	1,828.08	94,397.24	10.6%	793,525.10	Yes
30	2033	905,680.79	12,679.53	3,169.88	1,927.57	99,494.70	11.0%	806,186.10	Yes
31	2034	923,794.41	12,933.12	3,233.28	2,030.31	104,758.29	11.3%	819,036.12	Yes
32	2035	942,270.30	13,191.78	3,297.95	2,136.39	110,192.62	11.7%	832,077.67	Yes
33	2036	961,115.70	13,455.62	3,363.90	2,245.90	115,802.43	12.0%	845,313.27	Yes
34	2037	980,338.02	13,724.73	3,431.18	2,358.94	121,592.55	12.4%	858,745.47	Yes
35	2038	999,944.78	13,999.23	3,499.81	2,475.60	127,567.95	12.8%	872,376.82	Yes
36	2039	1,019,943.67	14,279.21	3,569.80	2,595.98	133,733.74	13.1%	886,209.93	Yes
37	2040	1,040,342.55	14,564.80	3,641.20	2,720.19	140,095.13	13.5%	900,247.42	Yes
38	2041	1,061,149.40	14,856.09	3,714.02	2,848.33	146,657.48	13.8%	914,491.92	Yes
39	2042	1,082,372.38	15,153.21	3,788.30	2,980.50	153,426.29	14.2%	928,946.10	Yes
40	2043	1,104,019.83	15,456.28	3,864.07	3,116.83	160,407.18	14.5%	943,612.65	Yes

**PROGRAMS ALLOWED UNDER MASSACHUSETTS LAW
NOT CURRENTLY OFFERED IN SUDBURY.**

Observation: There is one major program not offered in Sudbury, and four current programs in which a nearby town has higher dollar exemption limits.

Summary of Data:

Title IX Taxation Chapter 59:Section 5c is not offered in Sudbury.
Usually gives a reduction of up to 20% of average assessed value of all Class One residential parcels within a town. Used in Boston(30%), Cambridge(20%), Brookline(20%), Waltham(20%), Nantucket(20%), Marlborough(9%). Typical reduction is $80K to $115K in assessed values.

Circuit Breaker. Provides relief of up to $790 for tax amounts that exceed 10% of taxpayer's income. Sudbury does not provide any matching program. Wayland matches up to a total of $790, as a refund check from the town.

Tax work off. Sudbury allows up to $500, Newton allows up to $750

Elderly Reduction 41D. Sudbury allows $500. Maynard allows $1000(max)

Elderly 17. Sudbury allows $222.23. Concord allows $350.

Observation: Sudbury could add significant additional relief under current programs by adopting 5c and circuit breaker matching. 5C @20% would provide relief for most households under $500K assessed value.
Also by expansion of the available tax work off numbers above 45(44 are using) and increasing the amounts that can be earned in that program.
Increasing Elderly Reduction 41D would have minimal effect due to low threshold for asset test.

DATA SOURCES

1. Citizen Information Service www.state.ma.us/sec/cis/cisptx/ptxdx
2. General Laws of Mass. www.state.ma.us/legis/laws/mgl/59-5C
3. City of Boston www.ci.boston.ma.us/trac/resexempt.asp
4. Town of Brookline www.town.brookline.ma.us/assessors/residentialExemptions.
5. Town of Wayland Assessors office 508-358-3788
6. City and Town Vol.15, No. 8 September 2002
7. Websites for Concord, Framingham, Chelmsford, Natick, Cambridge, Newton, Walpole, Saugus, Duxbury, Maynard, Haverhill, New Bedford, and Amhurst.
8. William Maloney PTERC e-mail

Existing Programs in Abutting Towns

PROGRAM	17D Surviving Spouse	41C Elderly Reduction	41A deferral	Work-off abatement	Circuit Breaker	18 Elderly Exemption	5C Residential
	70 years of age asset restrictions ($30K $40)- residency requirements	65 years of age owned the property for 5 years income $20-$30K; resident reqs	65				
TOWN							
Wellesley	$175	no asset limits $1,000 exemption	$50K income limit	60 years $750			
Marlborough	$200	total assets (not house) $40-$55) Exemption $1,000	Total income $20K	60 - up to $750			
Concord	$350	same as Marlborough	Income 40,000; five referrals in 2002;				
Acton	same	same	Income 40,000; Acton this year 8; usually 4-5			similar non-binding town vote on being lenient in hardhip.	Assessors discussed it; view as administrative nightmare (not sure why);
Wayland	same as Concord	same as Concord	Income 40,000; 20 total enrolled; no. eligible unknown		Y		N
Framingham	$175	$500 70 y/o; MA for 10 yrs; owner 5 yrs; income <13K s/15k m; estate <28K s/30K m	8.00% 65 y/o; income < 25K;	N	N	Y "Strict by the book."	N
Hudson	$210.72	Y	10.72% No one does due to interest rate.	$500 (100 hrs)	N	Y "Board very flexible."	N Would have to pass Town Meeting.
Weston	Y - recently doubled	$1,000	8.00%; petition for 4.00%	?	N		N

Existing Programs in Abutting Towns

PROGRAM	17D Surviving Spouse	41C Elderly Reduction	41A deferral	Work-off abatement	Circuit Breaker	18 Elderly Exemption	5C Residential
	70 years of age asset restrictions ($30K $40)- residency requirements	65 years of age owned the property for 5 years income $20-$30K; resident reqs	65				
		Increased asset limits recently to 40K s/ 55K m;	Petition to state for 60 y/o; 20 use deferral but income <40K; Assessor thinks 40-50 y/o should be eligible.			"Strict by the book, on qualificaitons."	Bad for commercial and renters. If senior is assessed over $500K, then could pay more tax.
Maynard	Y	Y	Follow state interest rate; thought had to. 10 out of 3,500 take advantage; psychologically not favored	?	?	Y "Hard nosed, only once vs. ongoing. Always a problem; legislate to improve?"	N Discussed often. Sees burden on renters. Didn’t see advantage.
Sudbury	Y $500	Y $14,044 single; 16, 025 married	2% 2004; 24 take advantage; 60 yrs; income < 60K	$500 ($6/hr)	Y	"By the book." Non-binding town vote for leniency in '98.	N

Most assessors think reason for low enrollment in deferral program are same reasons as Sudbury
Lincoln: 41A (only a handful); 5C assessor had no idea why wasn't picked up
Acton: has fund checkoff for people to set aside monies for hardship- usually collect around $12K
Sudbury granted 18-20 hardship applications in 2002

How Does Sudbury Compare?
Residential and Commercial Levies
(9 towns - see data from Sub-committee A)
DOR Fiscal 2003

Measure	**Rank 9 Towns**	**Sudbury**	**Concord** (most similar)
Single family tax bill	Highest	$8,052	$7,270
Assessed value	Second to Concord	2,519,772,500	3,484,186,500
Parcels	Highest	5251	4620
Average value	Third to Concord, Wayland	479,865	754,153
Residential Tax rate	Second to Maynard	16.78	9.64
Total levy	Second to Marlboro	48,628,888	42,496,029
Residential property tax collected	Highest	44,658,930 92% of total levy	37,953,202 89%
Commercial property tax collected	Fifth to Marlboro, Hudson, Acton, Concord	3,969,958 8% of total levy	4,542,827 11%

9-Senior Center Newsletter
“Information about Sudbury’s Tax Deferral Program”
Volume: January 2003

The Downside of Refinancing Your Home.
Here's the url:
http://www.thestreet.com/funds/beverlygoodman/10110452_3.html

Reverse Mortgages Lure Seniors
August 4, 2003
The Boston Globe
David Abel

For Some, Relief Now May Cost Plenty Later
August 4, 2003
The Boston Globe
David Abel

Attachment C

The following pages contain the interim report that was a limited part of the Subcommittee C work product and some limited sub-set of data and charts. Subcommittee C also prepared the Subcommittee C Baseline Data Report, dated October 12, 2003, which is available on the PTERC page of the Town website. The additional materials include numerous spreadsheets and data reviewed and developed by the Committee, as well as other resources.

Property Tax Equity Review Committee
Subcommittee C
Interim Report: September 16, 2003

Subcommittee C is charged with various tasks relating to PTERC's analysis of the benefits and drawbacks of potential tax preferential programs. The information collected by Subcommittees A and B will inform PTERC's upcoming decisions about the types of programs that would best respond to the needs identified. Subcommittee C has focused on inquiries that will help to provide tools for further analysis and eventual proposal of potential programs.

This report summarizes some of the areas considered to date by Subcommittee C, but does not yet represent conclusions or recommendations by the Subcommittee concerning tax relief proposals.

Burden-Shifting Model

Subcommittee C has prepared a tool to be used in understanding the shift in tax burden that would result from the various proposals ultimately considered by PTERC. We have proposed looking at relative tax burdens in three ways: (1) the percentage of Town taxes paid by identified age groups; (2) the percentage of income used to pay property taxes for each age group; and (3) the total amount of taxes paid by each age group.

The Subcommittee has proposed that we look at trends over time for each area, if feasible. The historic perspective would add to our understanding of the issues and help in considering the merits and potential drawbacks of any shift in the tax burden. For example, we might look at whether seniors pay a larger percentage of their income to property taxes than other age groups and whether that percentage has changed over time. The proposal contemplates looking at the average, mean, and standard deviation for each category to better understand the breakdown of our population. A copy of the initial format for the burden-shifting spreadsheet is attached.

Our general aim is to be able to tie together data about age, income, and property tax groupings. Both Subcommittees A and B have already looked at this type of data in describing the characteristics of Sudbury seniors. The proposed format would use such data to show how the relative tax burden shifts as we analyze particular proposals. For instance, PTERC may decide to study further the potential impact of adopting the residential exemption. Subcommittee A has already provided information about how the tax burden would shift among homeowners at various levels of assessed values. It would be useful to further assess how this exemption would affect various age and income groupings.

Subcommittee C and the full PTERC have discussed the proposed burden-shifting tool and have identified some questions and concerns, which include the following:

(1) Is income an adequate measure for considering a taxpayer's means or ability to pay taxes?

- Does not take into account <u>assets</u> (other than residence) or relative mortgage burdens on the home.
- Does not take into account <u>other taxes</u>/overall tax burden.
- Does not take into account <u>other homeowner costs</u>.

Note: The proposal is to consider income levels for purposes of identifying the problem areas and measuring the shift in tax burden – not for any means test that may be part of an eventual proposal (which may include asset or other tests).

(2) Will our results be reliable given deficiencies in the available data?

- US Census data
  - Limits of self-reported data
  - Income is by "household": Can homeowners be separated?
  - Limited to census age groupings

- DOR data
  - Available in age breakdowns only over and under 65
  - Apparently renters can be separated
  - Income by individuals or filers, not households
  - Income may not include Social Security, some pensions, capital gains, workers' compensation, and other sources of income: skews data
  - Use gross, adjusted gross, or taxable income?

(3) Are there other ways to reformat or revise the model in light of information gathered? Examples:

- Do we need the trend data?
- Should we consider primarily income categories and age breakdowns within those categories?
- Should we provide quartile groupings within each category in addition to the standard deviations?
- Do we need the younger age breakdowns?

Subcommittee C is currently refining the burden-shifting tool in light of these questions and additional information gathered by Subcommittees A and B. Our interim conclusions generally are as follows: (1) Despite certain deficiencies, an income-based model is still a useful tool to look at burden-shifting. This is just part of the analysis, not a definitive test. (2) We will have to alter our age groupings in light of the limited information; we may run one set with US data and one set with DOR data. (3) We are considering other revisions and formatting options.

Review of tax relief/preferential programs proposed by communities in Massachusetts and at the state level.

Subcommittee C has reviewed legislation recently enacted and pending before the legislature relating to tax relief programs for seniors. We have reviewed and summarized the information provided by the Taxation Committee representative and our legislators. The information provided to PTERC apparently describes all the related bills filed during the 2002-2003 session. We have found that several bills have been re-filed in the 2003-2004 session, but we do not have a complete list of pending legislation for the current session. Attached is a spreadsheet which highlights the elements of the proposed legislation for 2002-2003. A review of this spread sheet will provide a good sampling of the types of programs proposed.

However, most of the proposed legislation has been introduced by particular legislators, often at the request of a constituent. It appears that last year's bills included only four home-rule petitions. Others have been filed this year, such as the Sudbury H.3909 and Sherborn H.3889 bills. Also, in 2000, the legislature approved a home rule petition to allow Wayland to grant property tax rebates matching the state Circuit Breaker tax credit. These are the few recent home rule petitions identified thus far. Accordingly, most legislative proposals do not reflect a process or consensus of a given community. As these proposals, including the means tests chosen, were not approved by the Towns – let alone the legislature – they are not very useful in defining "acceptable" levels of burden-shifting or means testing.

(1) 2002-2003 Home Rule petitions:

Westford: H.2542 -- to alter eligibility requirements for 41A tax deferrals; 60 and older, combined income <$60K, tax deferred <50% FMV, interest 4-8%.

History: prior Bill 2001-02 – no action taken

Westford: H.3709 – to allow Westford to cap property taxes of residents 65 and older at Jan. 1 amt; income $50K single or $60K combined; asset test; must have paid property taxes for 10 years; principal residence.

History: new

Newton: H.2901 – to allow Newton to adopt higher income maximum for 41A tax deferral; up to $40K income, formulas for partial exemptions at higher amounts.

History: prior Bill 2001-02 – redrafted, no further action

Lincoln: S.1735 – to allow Lincoln to grant property tax rebates up to $750 for taxpayers who qualify for Circuit Breaker.

History: prior Bill 2001-02 – discharged to taxation, no further action

(2) Other 2002-2003 bills include a range of proposals. Many are aimed at amending state-wide exemptions but with local options. Examples:
--amend Circuit Breaker to include local option for Town to match with rebate
--change eligibility requirements for 41A tax deferral program and other 41 exemptions, such as decreased qualifying age and increased qualifying income and asset amounts
--amend Circuit Breaker to increase qualifying income or to repeal or increase assessed value amount
--freezes on property taxes for those who qualify for exemptions
--specification of factors for assessors to consider in hardship exemption
--various freezes, caps, or exemptions for older taxpayers; some with means tests, some without, many with residency requirement
--exempt older taxpayers from overrides; some means tested, some not
--amend Circuit Breaker to apply to all taxpayers regardless of age

Review of tax relief/preferential programs adopted in other states.

The AARP has conducted an extensive survey of senior tax relief and related tax programs throughout the country. We have reviewed this database and have grouped the programs into general categories (listed below). Most are similar to various Massachusetts programs or proposals noted above. Others might address some of the equity issues we have identified, but would not be (or might not be) permitted in Massachusetts given the constitutional constraints on taxes (in particular, the proportionality requirement). Some programs address these issues on a state rather than local level, such as the STAR program in New York.

(1) Property Tax Credit/Rebate Programs
    A. Circuit breaker – full or partial rebate for property taxes that exceed a certain % of income
    B. Tax credit for homeowners and/or renters - tax credit on income tax return
(2) Homestead Exemption [Residential Exemption in Mass.] - reduction in the amount of assessed property value subject to taxation for owner-occupied housing
(3) Tax Deferral Programs - defer taxes (with interest) until death or sale of home
(4) Use of lower property assessment levels for residential v. commercial property
(5) Freeze, Limit, or Cap on:
    A. Assessed property value
    B. Tax rate
    C. Total property taxes
(6) Tax exemption for school related taxes

e.g., STAR program in NY - state exemption from school property taxes for owner-occupied primary residences. “Basic” exemption applies to all residents, regardless of age/income. “Enhanced” applies to seniors with combined household income under $60,000. State reimburses school districts for all STAR savings.

Categories 1(A), 3, 5, and 6 usually have eligibility requirements of age, income, assets, and/or residency.

Constitutional and Political Constraints

Legal Issues

Members of our Subcommittee have, to some extent, researched the legal issues surrounding tax relief programs. The Massachusetts Constitution requires that taxes, including property taxes, be uniform and proportional. The Constitution permits the legislature to classify property by its use in four classes and taxes must be proportional in the same class "except that reasonable exemptions may be granted."

The courts have provided little guidance in determining a reasonable exemption. In general, "special treatment extended to a single class of taxpayers is impermissible." The "reasonable exemptions" provision "does not authorize special treatment that undercuts the dominant requirement of uniformity" in the Constitution. Any exemption must be "reasonably related to the public interest." The legislature has approved exemptions, including the residential exemption (and home rule petitions increasing the allowed exemption amount) and targeted needs-based exemptions such as the Circuit Breaker, other senior exemptions, and the hardship exemption. Although the constitutionality of these exemptions has generally not been tested in the courts, these provisions provide some direction concerning the types of exemptions that the legislature has deemed to be "reasonable."

We are continuing in our efforts to clarify the legal constraints faced by municipalities in this area. We have identified a few contacts who may provide us with additional information. However, the Town may choose to seek legal advice concerning any proposed exemption or tax relief program.

Political Issues

The potential constraints posed by the necessity of legislative approval (for any exemption or abatement program other than the residential exemption) may be more significant than the legal constraints. Our Subcommittee discussions of the benefits and drawbacks of various proposals have been informed by the following:

(1) During the July 10, 2003, meeting, PTERC had the opportunity to address questions to Senator Pam Resor, Representative Susan Pope, and Tony DeGregorio, Staff Person to the Chair of the House Committee on Taxation. These presenters indicated that there are significant obstacles for any community seeking to establish a new tax exemption or tax relief program. They reviewed some of the history of other proposals, which have often been referred to committees for study or have received no action by the legislature. Sen. Resor indicated that the legislators would look closely at factors which included any possible legal questions, impact on the community, the amount of burden-shifting that would result, and the participation in existing senior tax relief programs. The legislators stressed that they would consider state-wide implications: they would not approve any local proposal if they would not be willing to allow it in every community. Mr. DeGregorio stated that no proposal without a means test has passed the legislature or would be likely to pass. Sen. Resor and Rep. Pope stated that they would consider supporting only those proposals that include a means test. (See minutes of July 10, 2003 PTERC)

(2) As noted above, we have reviewed related bills filed during the 2002-2003 session, including the history for each bill. It appears that the bills described in the materials (more than 50) were all referred to the Taxation Committee. Although our search is not complete, it appears that none of these were enacted by the legislature. This includes fairly moderate proposals and proposals with narrow eligibility requirements; it also includes the four home-rule petitions. Many of the bills had been filed in prior years, and some have been re-filed this year.

(3) We have attempted to obtain additional information concerning the political realities from other sources familiar with the legislative process. There are indications that measures which seek to amend, match, or add to an existing state-sanctioned program are more likely to be successful than new and different approaches. An example of such a measure is the Wayland program to match the Circuit Breaker tax credit with a local abatement.

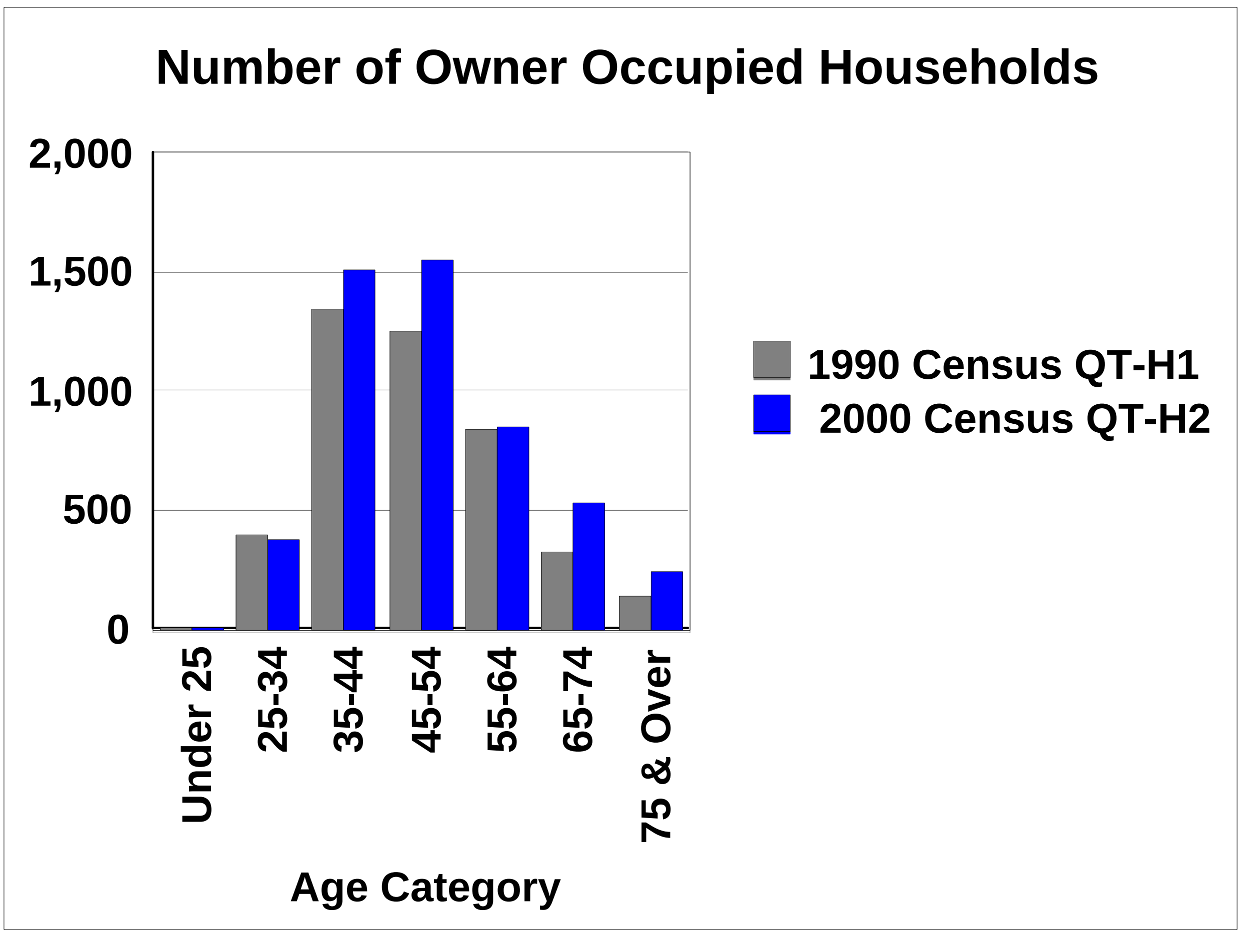
The members of Subcommittee C have divergent views on how PTERC should respond to these perceived political limitations. Several members of the Subcommittee believe that PTERC should focus its efforts towards proposals that have the best chance of being enacted by the legislature. These members contend that efforts to pursue an approach unlikely to be accepted by the legislature would not be a wise use of our community resources; we are more likely to provide an adequate remedy in the near future if we tailor our approach according to the indications we have received from the legislature.

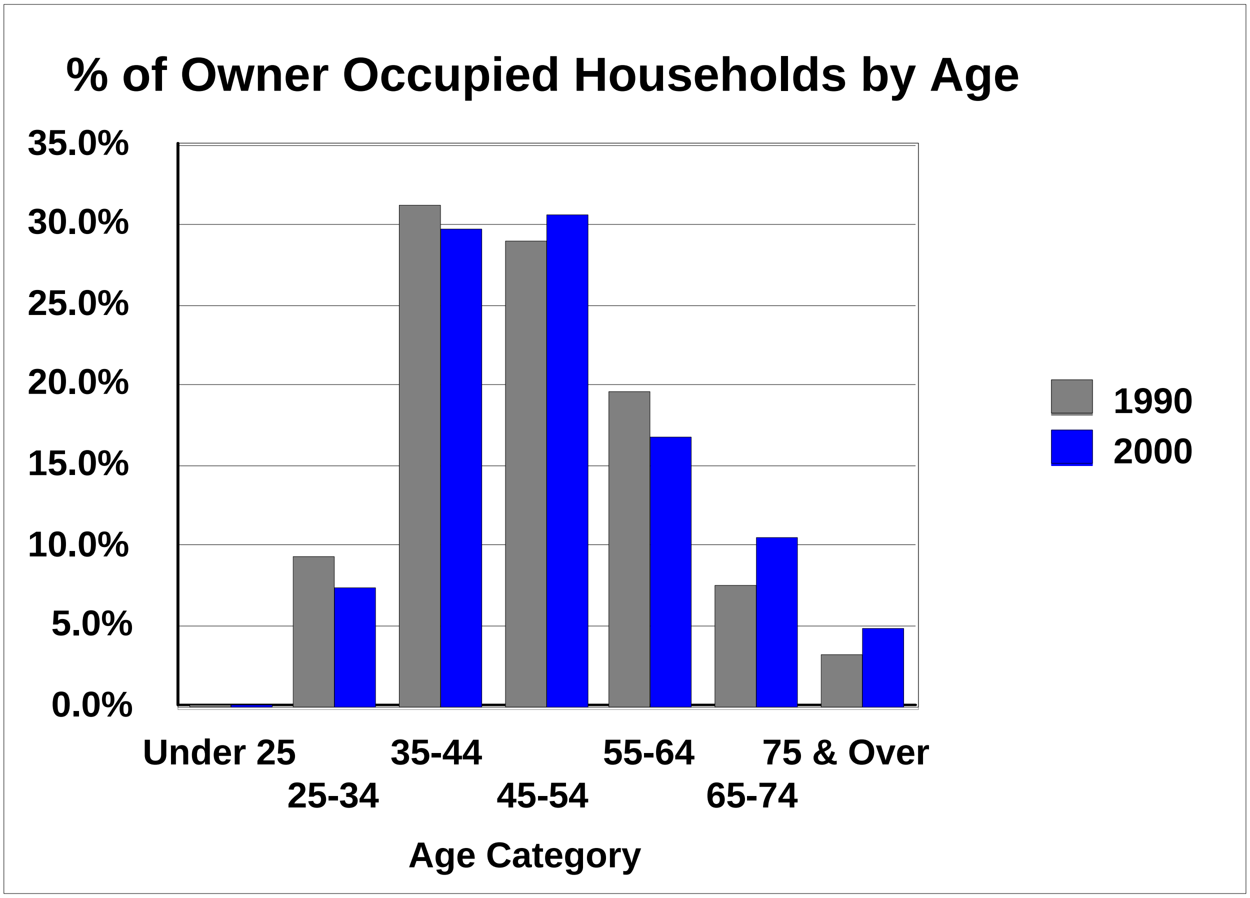
Other Subcommittee members believe (to varying degrees) that PTERC and Sudbury should take a bolder approach. They contend that we do not know what will pass the legal and political hurdles (which are not well-defined) unless we test those waters. These members advocate that we select the best program for Sudbury and then try to get the measure enacted.

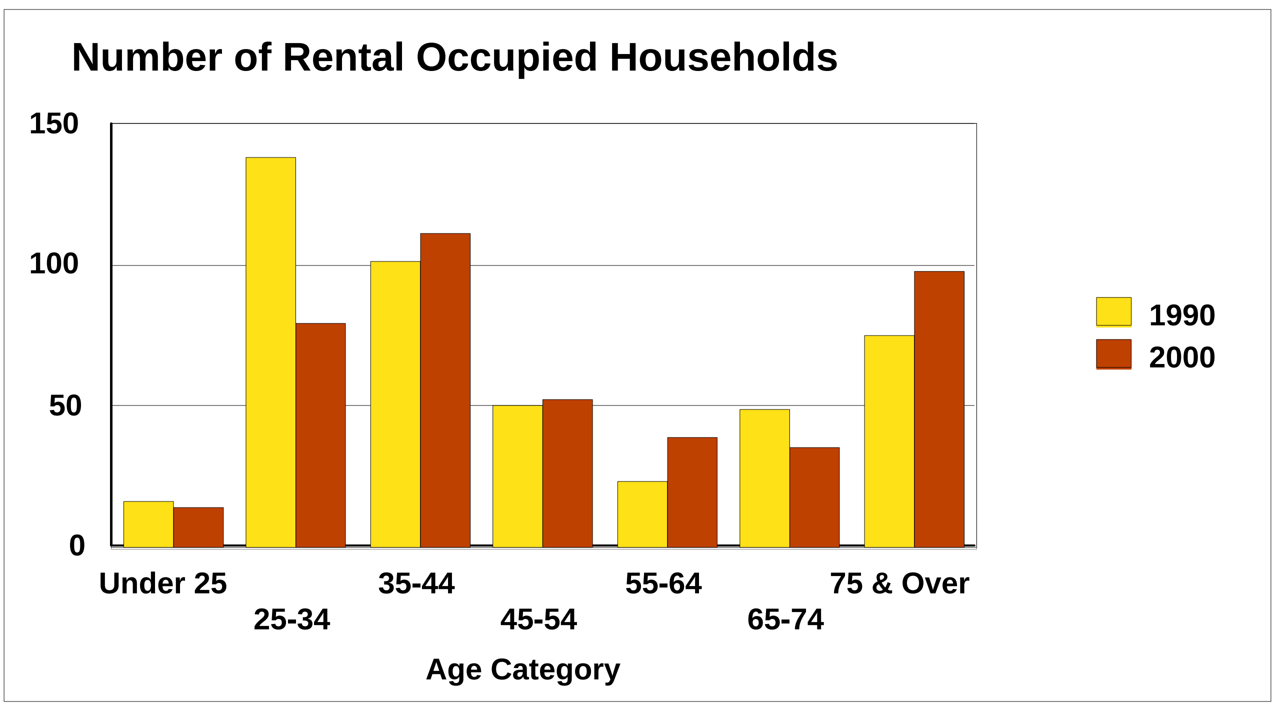
Next Steps

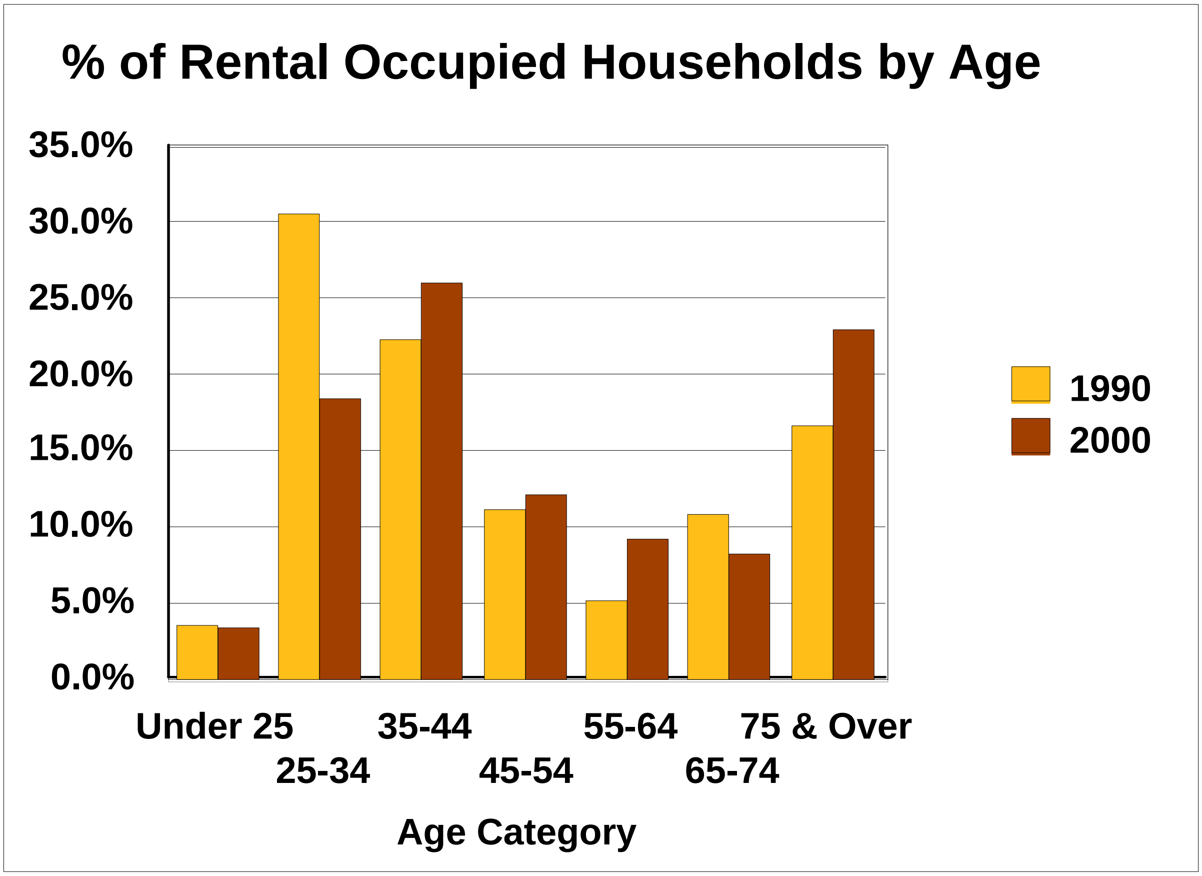
Subcommittee C has considered a range of proposed solutions: some involve specific exemption programs that could be the basis for a warrant article; others involve long-term or non-legislative approaches to be further considered by the Town. We recommend grouping the exemption programs into three areas for further analysis: the residential exemption, proposals to expand or modify existing programs (e.g., matching or expanding the Circuit Breaker), and proposals to create a new exemption. We also have discussed additional data and research needed. Accordingly, we have offered recommendations to the Steering Committee for regrouping or re-tasking as we move toward a final proposal.

2000	Under 25	25-34	35-44	45-54	55-64	65-74	75 & Over	Totals	
Total Households in Age Category	21	452	1,621	1,603	893	570	344	5,504	Source 2000 QT-H2
Owner Occupied Households	7	373	1,510	1,551	854	535	246	5,076	Source 2000 QT-H2
Renters	14	79	111	52	39	35	98	428	Source 2000 QT-H2
1990									
Total Households in Age Category	22	536	1,449	1,299	867	374	215	4,762	Source 1990 QT-H1
Owner Occupied Households	6	398	1,348	1,249	844	325	140	4,310	Source 1990 QT-H1
Renters	16	138	101	50	23	49	75	452	Source 1990 QT-H1




% of Owner Occupied Households by Age
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Under 25
25-34
35-44
45-54
55-64
65-74
75 & Over
Age Category
1990
2000


Number of Rental Occupied Households
150
100
50
0
Under 25
25-34
35-44
45-54
55-64
65-74
75 & Over
Age Category
1990
2000


% of Rental Occupied Households by Age
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Under 25
25-34
35-44
45-54
55-64
65-74
75 & Over
Age Category
1990
2000

Attachment D

Tax Assistance Awareness and Personalization Program

Property Tax Equity Review Committee
December 1, 2003

Executive Summary

A key finding of PTERC reported in the September 15th status report is that Sudbury's current tax relief and deferral programs are underutilized. In the case of Sudbury's Tax Deferral Program, it is more advantageous than other Towns because of higher income limits and low current interest rates. Tax deferral is a fair and reasonable tax relief option currently available to seniors, but it is underutilized primarily because it is misunderstood on an individual level. In order to address these misunderstandings and to offer immediate tax relief to seniors, PTERC recommends that the Board of Selectmen support and implement a Tax Assistance Awareness and Personalization Program.

As has been proven in the past by the efforts of the Senior Center, educating seniors about the Tax Deferral Program involves more than offering classes. Past attempts to educate seniors via classes have had minimal success due to the lack of personalization of the classroom structure and to misconceptions of how a Tax Deferral Program impacts individual seniors. Careful thinking needs to take place in planning the next education effort. One-on One confidentiality is needed.

Please note that although this proposal addresses the need for education around all current relief programs, the Tax Deferral program is particularly underutilized and would benefit from a strong emphasis in this program.

<u>Tax Assistance Awareness and Personalization Program</u>
The Tax Assistance Awareness and Personalization Program (TAAPP) is not solely an education effort. It is a one-on-one personalization program intended to guide seniors individually through the entire process of:

- Understanding the mathematical mechanics of all relief and deferral programs
- Evaluating a range of options
- Understanding lifestyle impact
- Completing applications

Similar services for seniors are currently available through the Assessor's Office. The TAAPP program is meant to enhance these services by:

- Training volunteers and providing additional resources for the time-constrained Assessor's Office
- Proactively reaching out to Seniors
- Providing personalized, private services in Seniors' homes
- Addressing misconceptions of the Tax Deferral Program via a marketing campaign

With the objective of providing immediate assistance through the Tax Deferral Program, seniors will not have to wait through another lengthy legislative approval process before receiving tax relief. TAAPP will also demonstrate to the State Legislature that Sudbury is actively recruiting to current state approved programs; thereby improving Sudbury's position with the State should we submit future proposed tax relief bills.

PTERC, the current Chairperson of Council on Aging ("COA") and the Director of the Sudbury Senior Center concur that COA would be the appropriate body to take the lead on the TAAPP initiative as it is part of the COA charter.

<u>Objectives</u>

1. Provide immediate property tax relief by increasing participation in all the Tax relief and assistance programs
2. Address specific concerns among seniors about the consequences, risks, and impact of the programs on their household
3. Demonstrate to the State Legislature that Sudbury is actively recruiting to previously approved State programs; improve position of Sudbury and increase attentiveness of State in consideration of future Sudbury proposed bills
4. Provide additional confidential data to support new tax relief programs

<u>Senior Citizen Concerns</u>

Below is a summary of the varied Senior Citizen concerns regarding the Tax Assistance Programs:

1. Some seniors see the deferral program simply as a lien on their property. Memories prevail from the depression era when homes were taken away from families. Seniors believe that over time, their homes could be taken away from them.
2. Eligible seniors are proud and private and do not want to make public the fact that they could benefit from tax relief.
3. Seniors see the deferral program's interest rate as taking away all the value in their home, leaving them nothing to pass on to their children.
4. Seniors are not confidant that the deferral interest rate will not increase to such a degree that they would be left with both a large tax debt and no remaining value in their homes.
5. Some seniors are concerned about an unknown future economy and the possibility that property values could crash and they would be left with a large tax debt and no remaining home value.
6. Seniors have experienced the tax rate increasing steadily over the past ten years and assume it will continue to do so; they are concerned that even with the Tax Deferral Program, property tax rates will continue to increase. They think that after a short amount of time, their option of deferring taxes could reach the maximum deferment allowance and they would be faced with paying both property taxes plus the interest payments.
7. Seniors see other local communities with lower property tax rates and do not understand why Sudbury's rate is so high, or why Sudbury would elect to increase expenditures to the point of hardship for its Senior Citizens.
8. Some seniors object to escalating property taxes on principle; they see an imbalance of young-to-retired families and consider themselves a minority supporting the majority.
9. According to Director of Senior Center and anecdotal comments, many seniors are unaware of some relief programs as well as the Deferral Program.

<u>Approach</u>

Several approaches could be taken to meet the objectives of the TAAPP initiative. PTERC discussed a two-part approach where part one could be an open invitation to educational events for a group of people; and part two could be a one-on-one personalized visits. Regardless of what approach is taken, the key element of the TAAPP program is to address concerns through personalized one-on-one sessions. Below is a sample list of materials that would be needed to support a TAAPP program:

Personalized Visits

- Presentations – handouts for interactive dialog
- Data sheet – seniors talk about their goals; confidential data collection to support future relief proposals
- Decision support models – spreadsheets to show the impact of a deferral on their household; show probabilities under various conditions where interest rates and/or home values fluctuate up or down over time. *Note: PTERC has prepared a beta model spreadsheet for this purpose. Refer to Subcommittee B attachments, PTERC status report, September 15th, 2003.*
- Applications - use standard applications from Assessor's office
- Next steps - next steps for senior to take; contacts for help in completing applications or if they have additional follow-up questions

Train the Trainers

Curriculum – trainers need to have a solid understanding of all tax assistance programs, and a sensitivity for the concerns of seniors.

Marketing

Timing of the overall marketing campaign, and specific marketing events (e.g. advertising deadline dates), will be important to gaining enrollment in programs with hard application deadlines. Following are suggestions for marketing the program:

Case studies; testimonials – Talk to seniors already participating in tax relief programs, find out if the program is working for them and if so, if they would share their experience with their fellow seniors.

Weekly or monthly newspaper column - In the Town Crier, addressing one or more issues or concerns and inviting readers to participate in a one-on-one "how to get tax relief" session and/or attend upcoming case study/testimonial meeting. Continue regular media exposure over a six or twelve month period.

General literature – On services available through TAAPP

Q&A literature - Answers to questions and concerns around the deferral program. For example:

Q: The tax rate may be 2% now, but what happens in the future when the rate goes up?

A: The selectmen, with the approval of State Legislature, set the interest rate to offset costs of borrowing each year of taxes deferred, this is simple interest, the maximum of which is 8%. The current rate 2%. The rate is applied to *that years'* deferral i.e.: 2% X $1,000 = $20.00 interest per $1,000 of deferred tax. (Each year you want to defer taxes, you will need to reapply at that years' rate.) *That years'* deferral rate is the same each year until debt is satisfied. The debt can be satisfied at time of sale or prior.

Direct mail – From a fellow senior citizen, or Board of Selectmen, or Assessor's office with TAAPP information

Cable TV – "Live" presentation on details of Tax Deferral Program

<u>Presentations</u> – At various club and committee meetings: League of Women Voters; Historic Society; etc.

<u>Non-seniors</u> - Targeting non-seniors on why some seniors are in need of tax relief is also seen as a possible contribution of the TAAPP initiative. Suggestions include:

- "About your neighbors" write up on the Town website addressing the recent history of our Town and the juxtaposition of growing the Town and keeping its senior citizens.
- Guest speaker(s) at a "New to Sudbury" meeting.

<u>Funding</u>

A successful effort would require the funding of (i) a dedicated person to create, oversee and manage the program and (ii) operating expenses to cover the costs of preparing and distributing collateral materials. Suggestions for funding include:

- Town appropriation
- Sudbury Foundation
- SERF
- Volunteers from LSRHS

<u>Summary</u>

PTERC recommends that the Board of Selectmen support the Tax Assistance Awareness and Personalization Program. We also recommend that the Board support the Council on Aging to begin seeking funding to staff and implement the program.

Attachment E

Residential Exemption

The residential exemption has been proposed as a potential remedy because it does not require legislative approval. PTERC has voted to recommend that the Selectmen NOT adopt the residential exemption. Sudbury should consider other measures that more precisely target the relief to those in need.

1. Description: Pursuant to Mass. Gen. Laws ch.59, s.5C, a city or Town may elect to exempt an amount not more than twenty per cent of the average assessed value of all Class 1 residential property from the total assessed value for each taxpayer, provided that the exemption be applied only to the principal residence of a taxpayer as used by the taxpayer for income tax purposes. The amount is deducted from the assessed property values before the calculation of the property taxes. If a municipality adopts the residential exemption, the residential tax rate is increased so that the residential class raises the same amount that would have been raised without the shift. The residential exemption determination is made on an annual basis.

The effect of the residential exemption is to allocate the tax burden within the residential class by lessening the tax burden of taxpayers with lower valued parcels, and shifting those taxes onto owners of more expensive residential properties and owners who do not occupy the home as a principal residence. (Examples would be owners who rent the residence or who use the residence as a second home.)

PTERC has analyzed the impact of adopting the residential exemption at two levels: exempting 10% of the average assessed value ($47,985) and exempting 20% of the average assessed value ($95,973). It appears that a value around the average assessed value of $479,865 represents the tipping point – those with a lower assessed value would have lower taxes and those above this value would have increased taxes. Of course, the lower the assessed value, the larger the tax saving; the higher the value, the higher the tax increase. (See Attachments To This Report).

2. Benefits:

a. This provision may be adopted by a vote of the Selectmen. Its implementation does not require any legislative action unless the municipality seeks to provide an exemption amount higher than twenty percent of the average assessed value. Given the challenges involved in acquiring legislative approval for local tax programs, some would argue that we should take advantage of this readily available option.

b. This approach would reduce some of the inequities identified by PTERC. The exemption would tend to assist those with lower incomes, given the correlation between lower assessed values and lower incomes. Moreover, seniors tend to live in lower assessed homes.

3. Drawbacks:

a. The residential exemption proves to be a rather blunt instrument. This approach does not target need precisely, especially need as measured by income. The adoption of this measure could raise the taxes for low-income seniors or others who live in homes with higher than average assessed values. Further, this approach may lower the taxes of residents with lower assessed values who do not demonstrate strong need relative to others in Town.

b. The residential exemption increases the tax burden significantly at the higher end of assessed values. As assessed values increase, the tax bill rises at an ever-higher percentage. Again, as income is not precisely correlated to home value, many find this uneven distribution of the burden to be inequitable. While many of these higher value homeowners may have the means to pay, others would suffer a large increase relative to income.

c. Because this exemption is allowed only for those using the home as a principal residence, the taxes will be increased for landlords. This higher amount is typically passed on to renters, who tend to have lower income than homeowners. Research concerning cities using this exemption demonstrates that it adversely impacts lower-income renters. Many of these cities have adopted the residential exemption to encourage home ownership, and thus accept this adverse impact on renters and other resulting inequities. Sudbury does not have the social or financial factors that support use of this tax policy to encourage home ownership.

Estimate of Effect of Both 10% and 20% Exemption on Tax Bill it they had been in place in 2003

Original Census Data. 9/232/03 WTM

We are going to estimate the effect on Sudbury of a 20 and 10 per cent exemption -- I.e. subtracted from each assessed value.

9/29/03 WTM

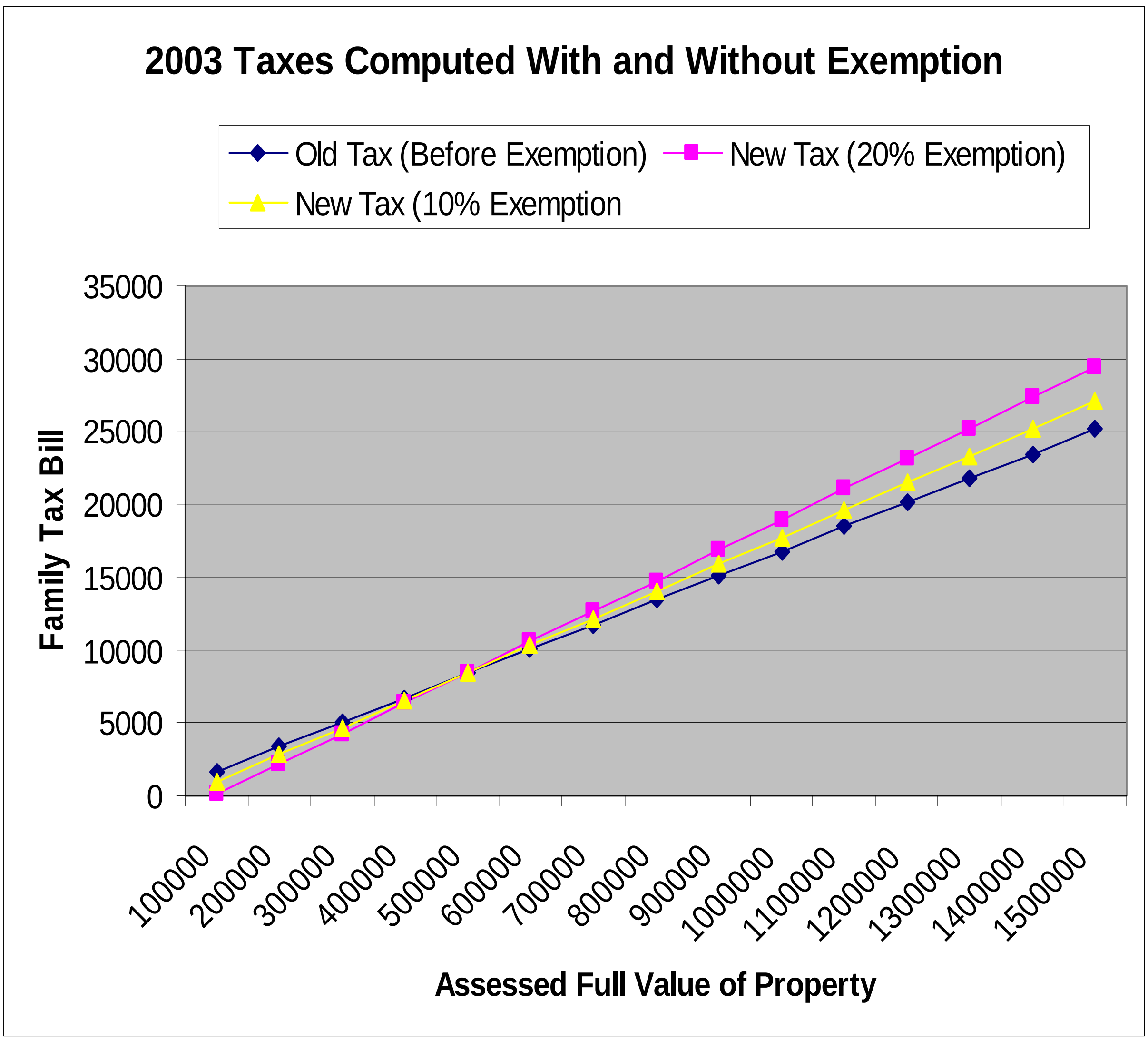
Division of Local Services
Municipal Databank/Local Aid Section

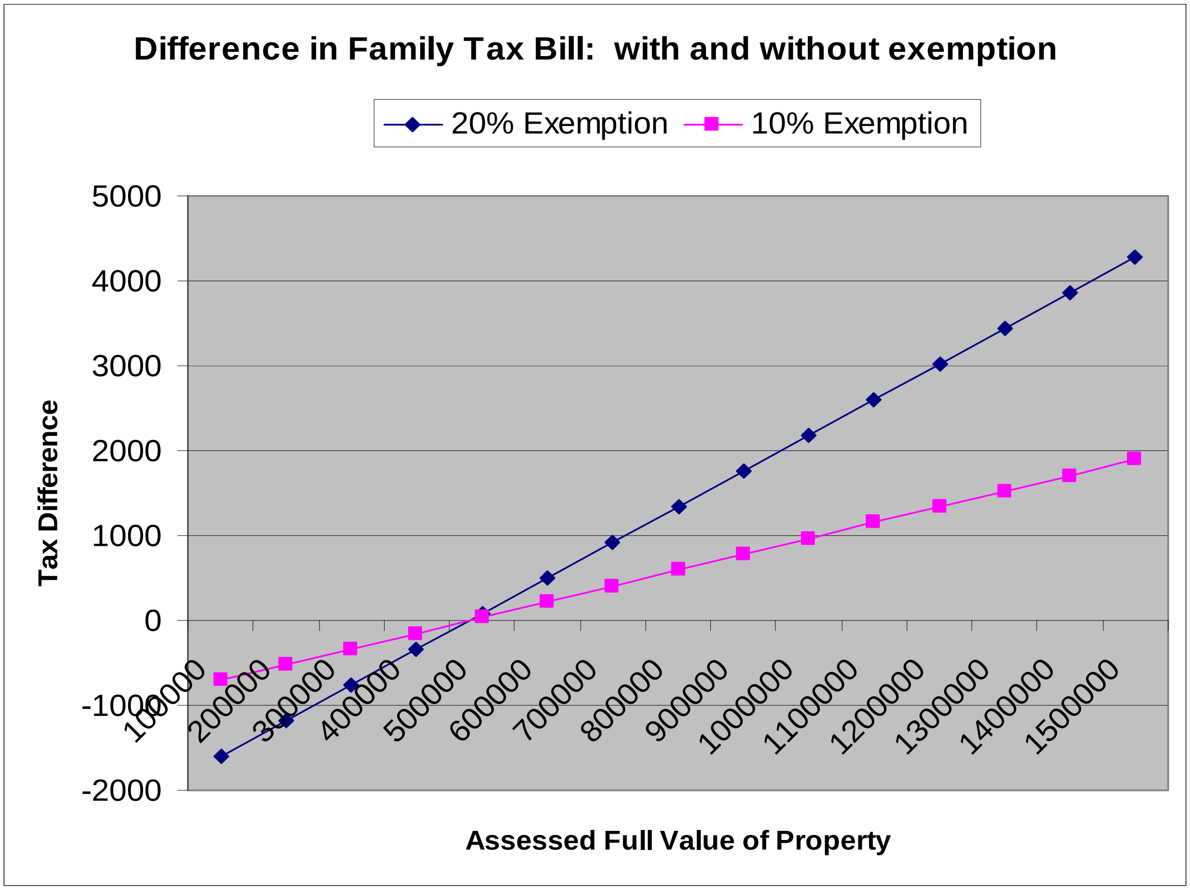
FY2003 Average Single Family Tax Bill

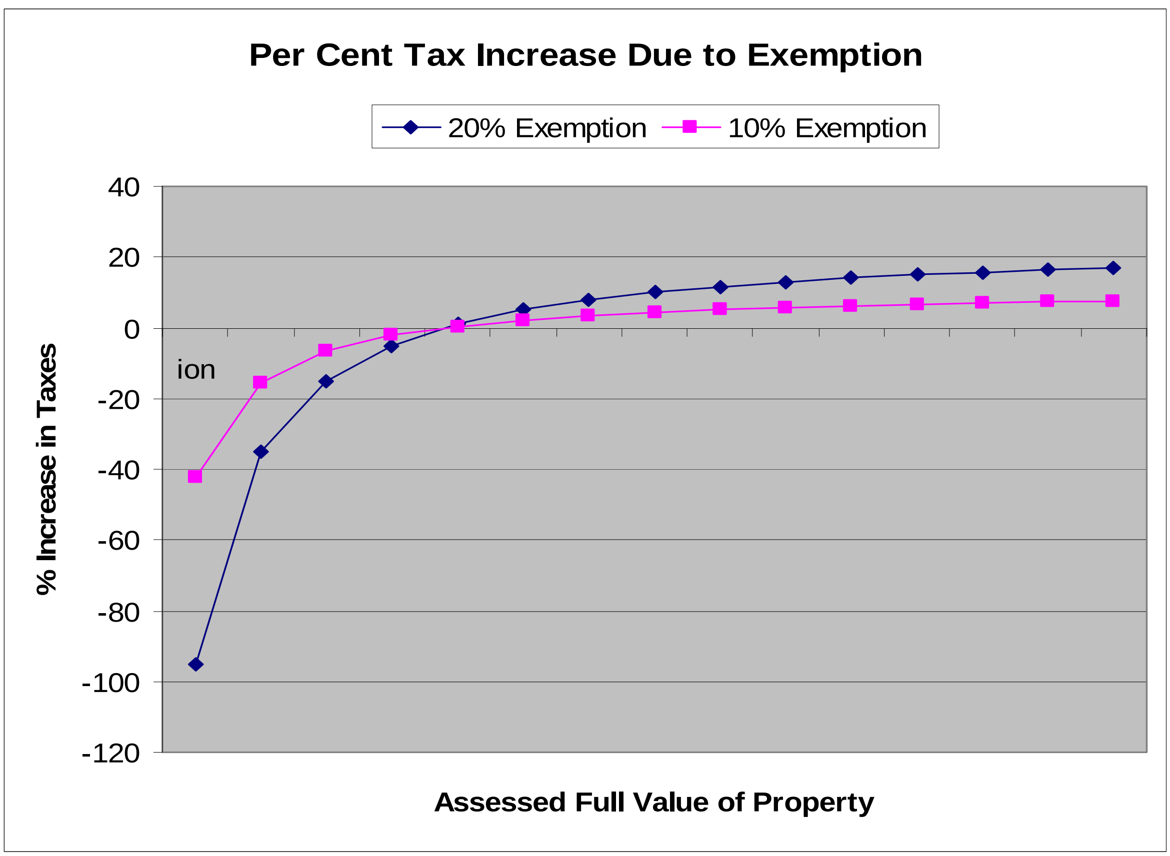
Municipality	DOR Code	FY	Assessed Value	Parcels	Average Value	Tax Rate	Single Family Tax Bill	Hi-Lo Rank	# of Towns Include	State Median
ACTON	002	2003	2,055,271,600	4,709	436,456	13.55	5,914	018	339	2,705
CONCORD	067	2003	3,484,186,500	4,620	754,153	9.64	7,270	007	339	2,705
HUDSON	141	2003	1,069,665,600	4,268	250,625	10.72	2,687	172	339	2,705
MARLBOROUGH	170	2003								
MAYNARD	174	2003	524,277,100	2,599	201,723	17.46	3,522	088	339	2,705
SOUTHBOROUGH	277	2003	1,185,013,900	2,674	443,162	12.24	5,424	027	339	2,705
STOW	286	2003	695,466,000	1,901	365,842	14.48	5,297	030	339	2,705
SUDBURY	**288**	**2003**	**2,519,772,500**	**5,251**	**479,865**	**16.78**	**8,052**	**005**	**339**	**2,705**
WAYLAND	315	2003	2,276,529,500	3,964	574,301	12.52	7,190	008	339	2,705

	20% Exemption	10% Exemption
Orig. Assd Value	$2,519,772,500	$2,519,772,500
Orig Taxes Raised	$42,281,783	$42,281,783
AV Value	**$479,865**	**$479,865**
20% - 10% Av Val	$95,973	$47,987
No Homes	**5,251**	**5,251**
Total exemp	$503,954,223	$251,977,112
New Assessed Value	$2,015,818,277	$2,267,795,389
New Tax Rate	$20.97	$18.64

Home Assd Value	Old Tax	20% Exemptin			10% Exemption		
		New Tax	Tax Incr.	% Incr	New Tax	Tax Incr.	% Incr
$100,000	$1,678	$84	-$1,594	-95.0	$970	-$708	-42.2
$200,000	$3,356	$2,181	-$1,175	-35.0	$2,834	-$522	-15.6
$300,000	$5,034	$4,278	-$756	-15.0	$4,698	-$336	-6.7
$400,000	$6,712	$6,375	-$337	-5.0	$6,562	-$150	-2.2
$500,000	$8,390	$8,472	$82	1.0	$8,426	$36	0.4
$600,000	$10,068	$10,569	$501	5.0	$10,290	$222	2.2
$700,000	$11,746	$12,666	$920	7.8	$12,154	$408	3.5
$800,000	$13,424	$14,763	$1,339	10.0	$14,018	$594	4.4
$900,000	$15,102	$16,860	$1,758	11.6	$15,882	$780	5.2
1000000	$16,780	$18,957	$2,177	13.0	$17,746	$966	5.8
1100000	$18,458	$21,054	$2,596	14.1	$19,610	$1,152	6.2
1200000	$20,136	$23,151	$3,015	15.0	$21,474	$1,338	6.6
1300000	$21,814	$25,248	$3,434	15.7	$23,338	$1,524	7.0
1400000	$23,492	$27,345	$3,853	16.4	$25,202	$1,710	7.3
1500000	$25,170	$29,442	$4,272	17.0	$27,066	$1,896	7.5
$479,865	$8,052	$8,050	-$2	0	$8,050	-$2	0.0




Difference in Family Tax Bill: with and without exemption
20% Exemption
10% Exemption
5000
4000
3000
2000
1000
0
-1000
-2000
Tax Difference
100000
200000
300000
400000
500000
600000
700000
800000
900000
1000000
1100000
1200000
1300000
1400000
1500000
Assessed Full Value of Property


Per Cent Tax Increase Due to Exemption
20% Exemption
10% Exemption
40
20
0
-20
-40
-60
-80
-100
-120
ion
% Increase in Taxes
Assessed Full Value of Property

CONCURRING MINORITY OPINION TO THE
PROPERTY TAX EQUITY REVIEW COMMITTEE REPORT
TO THE SUDBURY SELECTMEN
DECEMBER 11, 2003

The Property Tax Equity Review Committee has not fulfilled its mission to study and make recommendations to improve property tax equity in Sudbury. As documented in the attached "The Case for Property Tax Equity for Sudbury Senior Citizens", absent a robust program to address property tax inequity for senior citizens, it is unlikely that the present on-going net exodus of Sudbury's older households will be significantly altered. This exodus raises property taxes for all Sudbury taxpayers.

The Property Tax Equity Review Committee's recommendations do, however, address a companion problem to that of property tax equity, namely the plight of the lowest income Sudbury senior citizens. The Committee has developed a generous welfare program funded by a property tax surcharge to provide limited assistance to this segment of Sudbury's senior citizens. The Committee's program, if adopted by Sudbury Town Meeting and passed by the legislature is far more generous than any other such program in Massachusetts. It is for this reason that I endorsed the Committee's report and proposal. In my view, the Committee's proposed program should be understood to be a supplement to a yet-to-be-enacted program addressing property tax equity.

The Property Tax Equity Review Committee has acknowledged the relentless rise in property taxes faced by all Sudbury taxpayers and the particular heavy burden these tax increases have on senior citizens, but failed to address the fundamental cause. The Committee's suggestions for continual fiscal restraint, while appropriate, cannot solve the fundamental problem causing the continual rise in Sudbury's property taxes. Additional commercial property tax revenues is also not a solution to this problem, merely wishful thinking!. The fundamental cause of the relentless rise in property taxes is Sudbury's predominantly highly transient middle aged households[1] who consume a disproportionate share of town services[2] coupled with the continual exodus of older households beginning in their early 50's (households which consume few town services). As long as these trends continue, maintaining quality municipal services will mean that the growth in Sudbury's budget will substantially exceed inflation.

The Property Tax Equity Review Committee's recommendations are not responsive to it's mission to provide property tax equity, nor are they long term solutions to Sudbury critical strategic problem. In the absence of a large commercial tax base[3], residential taxes will continue to escalate for all taxpayers at unsustainable levels until something can be done to retain more of Sudbury's older households. The town must make it possible for them to remain in their single-family homes[4] and thereby slow the in-migration of the younger households who are the heaviest users of town services. It is Sudbury's imbalanced population mix that is the critical strategic

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[1] Fully documented in the Sudbury 2001 to 2002 Census Study which identified the names and ages of all who left Sudbury and all who arrived between these two census data files.
[2] Relative to the Property Tax Revenues collected from this portion of the population.
[3] Traffic Limitations on Route 20 will severely limit any significant expansion of the commercial tax base in Sudbury. Each increment of development will only further serve to expand the frequent gridlock experienced during peak traffic hours on Route 20.
[4] More affordable senior housing will only hasten the abandonment of single-family homes by senior citizens.

problem which must be solved to effectively restrain property taxes. It is in the interest of all Sudbury taxpayers that Town Officials sooner, rather than later, develop and implement realistic solutions that have the potential to stem the tide of older households abandoning Sudbury.

The Property Tax Equity Review Committee was unable to abandon the premise that Sudbury's younger generally more affluent households are entitled to be heavily subsidized by Sudbury's generally less affluent senior citizens who consume few town services and as a group pay a far higher proportion of their income in property taxes. It is this concept that is the core reason that the Committee failed to address property tax equity and was unable to agree on a major shift in tax burden from senior households to the younger households. Until the affluent transient younger household majority accepts that they are not entitled to be subsidized by the generally less affluent older households, it will be difficult to implement property tax equity in Sudbury.

The Property Tax Equity Review Committee has established a length of residency requirement necessary to qualify for benefits or to qualify for an exemption from the surcharge. These have constitutional issues. Given a recent Supreme Court Case, *Saenz v. Roe* 526 U.S. 489, May 1999, this "durational residency requirement" to receive benefits violates the equal protection clause of the United States Constitution absent a compelling state interest. There simply does not appear to be a compelling state interest as to why there should be this requirement. The lowering of program costs was not deemed by the Supreme Court in the *Saenz* case to be sufficient state interest.

Further as it is in the interest of Sudbury to retain as many senior citizen households as possible the imposition of a length of residency requirement to qualify for benefits is counterproductive to Sudbury's interest. If the absence of such a requirement means some senior citizens are encouraged to move to Sudbury for the tax break, all should rejoice. It will benefit all Sudbury's taxpayers.

The Committee's proposal should not have been implemented as a surcharge appearing annually on every tax bill. Instead it should be implemented as a perpetual burden shift using exemptions. There is ample precedent in Massachusetts for this approach. First when communities adopt various property tax exemptions enacted in the General Laws these are not surcharges nor do they become visible line items in the budget and are not subject to annual review once implemented. Similarly, the residential exemption of M.G.L. c. 59 § 5C and the tax allocation between residential and Commercial properties are other examples of direct burden shifting without budget line items or surcharges. For example, a senior citizen homestead exemption equal to 25% of the average property's assessed valuation would provide currently the same ~$2,000 of property tax relief. It could be implemented with a means test and as a burden shift rather than as a surcharge. This would be a far more desirable approach.

The Committee's proposal should not have been implemented as a tentative measure with forced periodic reviews. Sudbury must make a commitment to the Committee's program by enacting it in a way where it is difficult to either reduce or revoke benefits. Furthermore, the legislation should contain provisions whereby if benefits are ever reduced, that there will be a multi-year lag before the reduction becomes effective for those senior citizens receiving tax relief to enable those affected to make an orderly transition to relocate out of Sudbury.

The Committee's proposal should have made the commitment to meet as much of the identified need as possible within the annual 2% surcharge so that any funds not used within the $2,000 cap on benefits are used to supplement the benefits where the full need has not been met. For example a family with a $6,000 annual property tax bill surviving on a $20,000 income would have an identified need of $4,000 using the 10% of income criteria established by the Committee. If a 2% surcharge means that a larger fraction of that need can be met it should be. The Committee's approach to cap benefits and instead lower the surcharge seem penurious. Remember that this family is still required to pay $4,000 in taxes which is far more than the municipal services they consume.

The Selectmen in creating the Town Meeting Article to implement the Committee's program is encouraged to incorporate these observations in the legislation.

Finally, as the Committee's program did not address property tax equity, I strongly urge the Selectmen to take the initiative to address property tax equity. This remains important unfinished business!

Respectively Submitted,

Ralph S Tyler

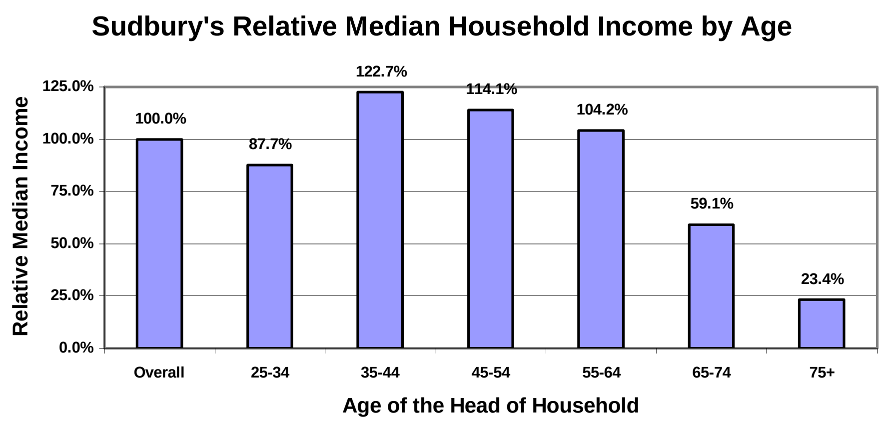
Ralph S. Tyler

Attached: **The Case for Property Tax Equity for Sudbury's Senior Citizens**

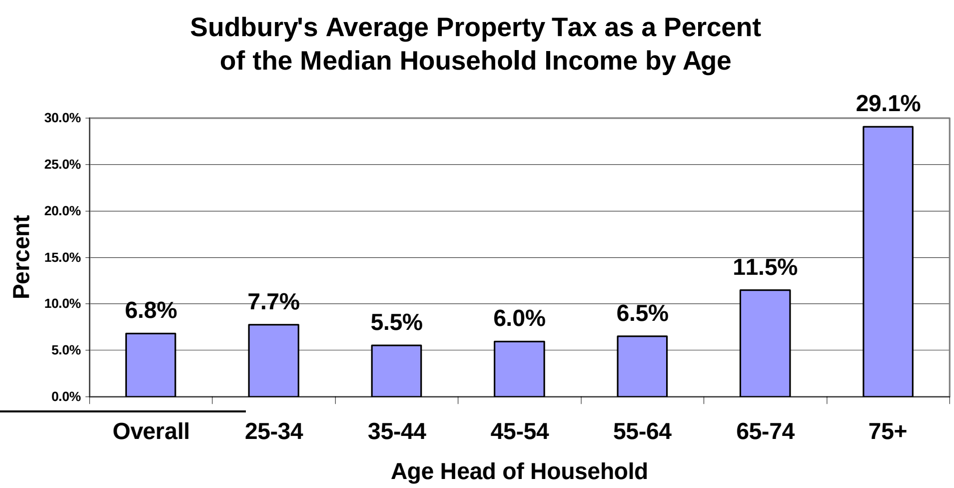
The Case for Property Tax Equity for Sudbury's Senior Citizens

Section 1. Income and Property Taxes

A key to understanding Sudbury's property tax inequity with respect to its senior citizens is that their median household income is much less than it is for younger households. The following chart shows the relative median household income in 1999 (Source: 2000 US Census) by age group. For all of Sudbury the median Household income[5] in 1999 was $ 118,579.



In FY 2003 the average Sudbury residential property tax bill was $8,052. This was the 5th highest in the Commonwealth. The property tax burden by age for Sudbury households is shown below:



[5] The Median Household income for each group is a better measure than the average household income emphasized in the PTERC report because the average income can be heavily influenced for age groups with few households by the exceptionally large incomes of a handful of high-income households. Furthermore the Census publishes Median Household Income by age range. The average household income for senior citizens presented in the PTERC report was derived from several series of census data and hence is statistically unreliable according to the notes accompanying census data describing the proper use of their data. PTERC chose to emphasize only the average income of Sudbury households 65 to 64 without providing the comparison to younger households a crucial omission for those trying to understand the question of property tax equity!

As can be seen in the chart, property taxes for the 35 to 44 year old households (29% of total households) with a median household income of $145,495 pay only 5.5% of their income to property taxes in spite of their far higher incomes than Sudbury's senior citizens. Sudbury's senior citizens pay over twice this percentage of their income for their property taxes than these more affluent younger households even though they consume few town services. This is certainly neither fair nor equitable tax policy!

This result demonstrates a clear case of property tax inequity with respect to Sudbury's senior citizens, as it is a well-established principal of taxation that those with the highest incomes are expected to pay a larger fraction of that income in taxes (i.e. progressive taxation). This is true in Massachusetts where the Constitution mandates proportional taxation, where exemptions are used to create a somewhat progressive structure to taxes. For example in the Massachusetts income tax code, personal exemptions, etc. insure that those with higher incomes pay a larger portion of their income in taxes than those with lower incomes.

The data from the 2000 US Census (series P55 & P56) for Sudbury used to create these charts is as follows:

Age of the Head of Household	Number of Households	Median Household Income	Relative Median Household Income	Average Property Tax ($8,052) % of Income
Overall	5523	$118,579	100.0%	6.8%
< 25	21	$43,958	37.1%	18.3%
25-34	522	$103,995	87.7%	7.7%
35-44	1608	$145,495	122.7%	5.5%
45-54	1613	$135,292	114.1%	6.0%
55-64	886	$123,506	104.2%	6.5%
65-74	571	$70,104	**59.1%**	11.5%
75+	302	$27,692	**23.4%**	29.1%

The following chart shows the breakdown of property taxes paid by senior citizens by age as well as the number of properties in each age grouping in Sudbury.

Sudbury FY 2003 Senior Citizen Property Tax Payments By Age				
Age	**# of Properties**	**Cum # Properties**	**RE Tax**	**Cum. Re Tax**
80 plus	**179**	**179**	**$ 1,113,601.34**	**$ 1,113,601.34**
75 to 80	**199**	**378**	**$ 1,219,602.29**	**$ 2,333,203.63**
70 to 75	**243**	**621**	**$ 1,594,380.22**	**$ 3,927,583.85**
65 to 70	**283**	**904**	**$ 1,944,872.48**	**$ 5,872,456.33**
62 to 65	**213**	**1117**	**$ 1,593,099.91**	**$ 7,465,556.24**
60 to 62	**202**		**$ 1,577,845.83**	**$ 9,043,402.07**
Total =	**1319**	**Total =**	**$ 9,043,402.07**	
Age of oldest resident, Single Family Homes only			**© 2003 Ralph S. Tyler**	

This property tax data was developed by first determining the oldest resident at each single family address from Sudbury 2003 Census records, and then using Sudbury's Assessor's records to find the assessed values for these properties so that FY 2003 property taxes could be calculated. Only single family residential properties were included in this study.

Section 2. The Cost of Municipal Services Provided to Sudbury's Senior Citizen Households and Analysis of Subsidies

The second important concept in property tax equity is to compare benefits received to property taxes paid for the various groups of households. In that way the flow of funds from one group to another within Sudbury can be understood. Groups receiving more in benefits than they pay are subsidized by groups paying more than the services they receive. In general, tax equity requires that groups with the highest household incomes are providing subsidies to those groups with smaller incomes in accordance with the notion of "progressive taxation".

Senior citizens like all residents directly benefit from the municipal services provided in the town's portion of the overall budget (i.e. excluding educational costs). As the following chart (based on a chart presented at the 2003 Annual Town Meeting by the Finance Committee) shows the average cost to deliver town services in Sudbury in FY 2003 was $2,082 for each property.

Analysis of Taxes (Rev)

Cost of Town Services FY 2003 $13,830,432

- Number of Residences (SFR Code 101) 5,245
- Number of other Properties 1,398
- Total # of Properties 6,643

Cost of Town Services per Property $2,082

This data when combined with the data on property tax payments by senior citizens demonstrates that Sudbury's generally less affluent senior citizens heavily subsidize other Sudbury households as shown in the following table:

FY 2003 Senior Citizen Subsidy to Younger Households

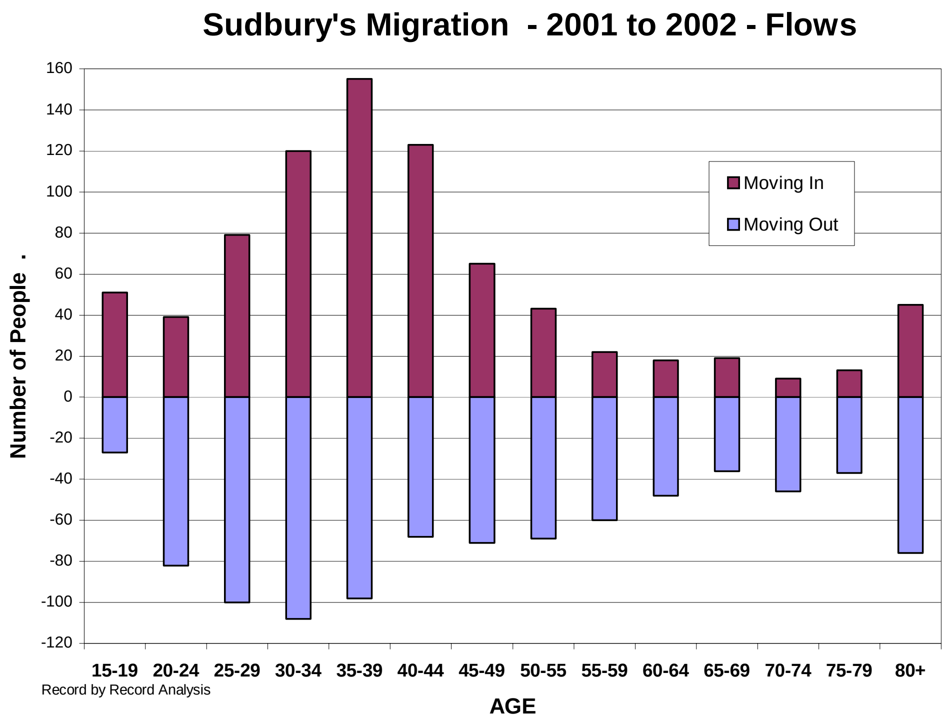
(Taxes minus Municipal Services Consumed)

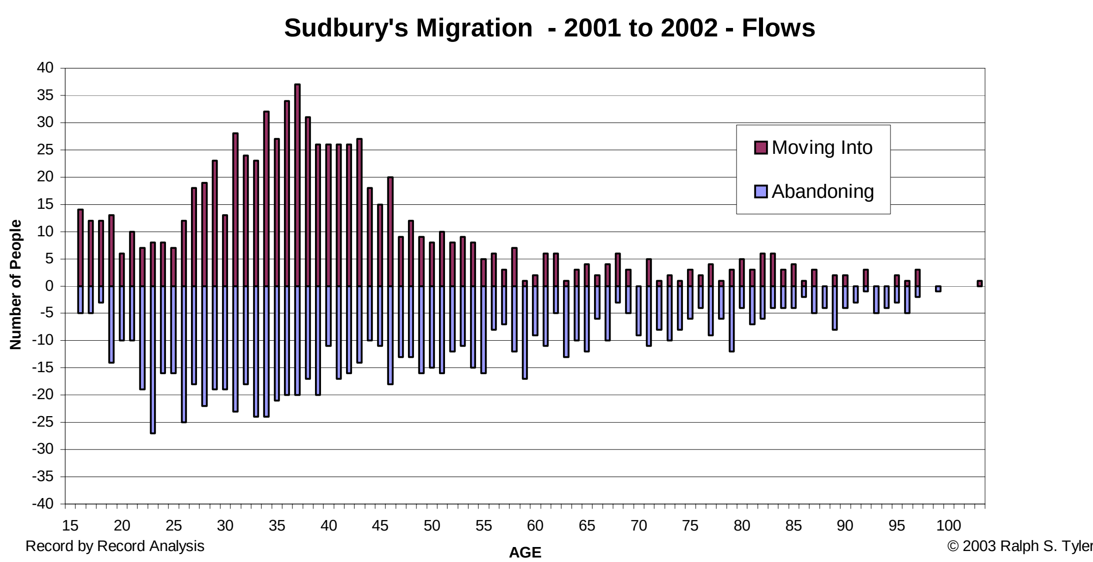
Age	Number of Properties	Cumulative Number of Properties	Cumulative Property Taxes Paid	Town Services Consumed @ $2,082/property	Net Subsidy to Other Sudbury Households
80 plus	179	179	$ 1,113,601	$372,678	$740,923
75 to 80	199	378	$ 2,333,204	$786,996	$1,546,208
70 to 75	243	621	$ 3,927,584	$1,292,922	$2,634,662
65 to 70	283	904	$ 5,872,456	$1,882,128	$3,990,328
62 to 65	213	1117	$ 7,465,556	$2,325,594	$5,139,962
60 to 62	202	1319	$ 9,043,402	$2,746,158	$6,297,244

Age of oldest resident, Single Family Homes only

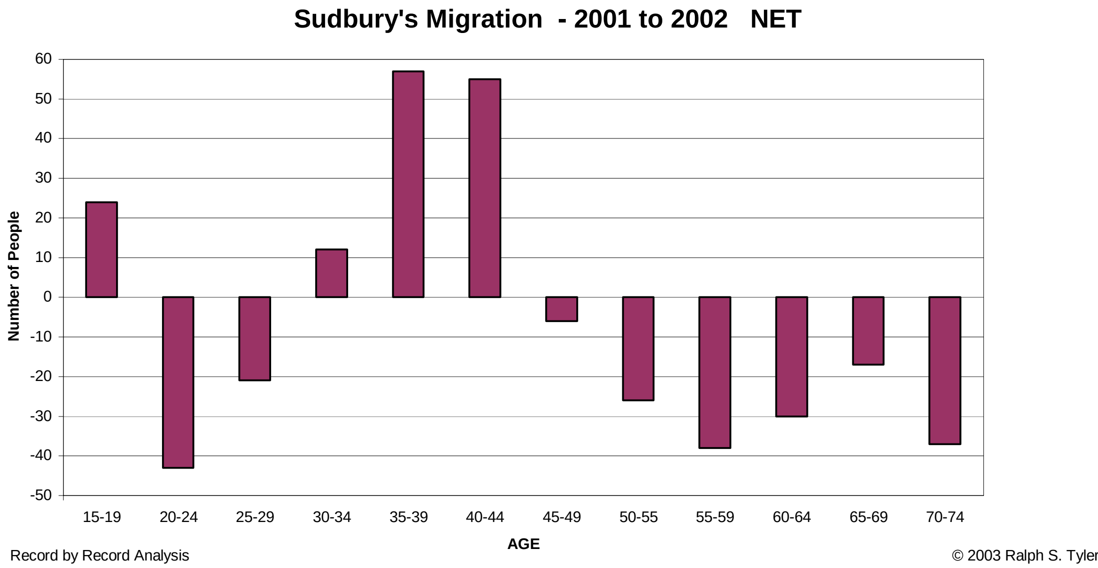
Section 3. Patterns of Migration by Age for Sudbury

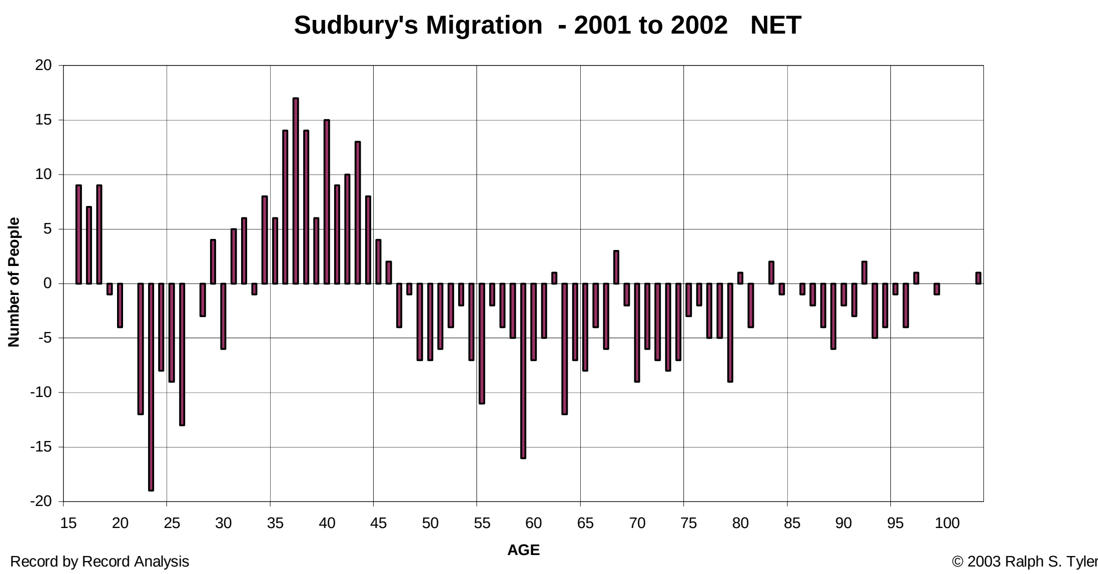
This section demonstrates that there is a net out-migration of Sudbury's senior citizens beginning when they reach their early 50's. These migrations have been well documented both from US Census studies and from detailed, record-by-record studies of 26,000+ records in the 2001 and 2002 Sudbury Town Census as follows:





The next set of charts shows the net migration by age, first in 5 year increments and than in one year increments. These are simply a netting of the flows in the previous charts.





These migration studies clearly show the steady net out-migration of Sudbury's older households beginning when they reach their early 50's. They also demonstrate that Sudbury's younger households are highly transient. We know from the household income data presented in Section 1, that this highly transient group is also the group with the highest median household income. As this is a group heavily consuming town services, this means that these transient affluent younger households never are required to pay the full cost of the services they consume. Their stay in Sudbury is thus heavily subsidized by the far less affluent group of senior citizens who have remained in Sudbury!

Section 4. The Role of Property Taxes in the Out-migration of Sudbury's Senior Citizens

PTERC failed to perform any studies of Sudbury's senior citizens to understand the relationship between the property tax burden and the decision made by Sudbury's senior citizen households to leave Sudbury. As a result they have nothing concrete to contradict earlier studies undertaken by a previous "Sudbury Senior Tax Relief Committee" which extensively studied this problem. The conclusion of that committee, taken directly from the Proceedings of the 1998 Annual Town Meeting, was that property Taxes were the primary reason senior citizens were choosing to abandon Sudbury as follows:

PROCEEDINGS

ADJOURNED ANNUAL TOWN MEETING

APRIL 13, 1998

REPORT OF SUDBURY SENIOR TAX RELIEF COMMITTEE: There are a number of property tax exemptions that were designed to provide relief to certain individuals who qualify under very strict and limited circumstances. Even when a taxpayer does qualify, the benefit is usually not enough to provide real tax relief. For example, Clause 17D provides a tax exemption of $175 for property owners over the age of 70 and whose personal estate (exclusive of their home) does not exceed $40,000. In fiscal 1997, there were 12 applicants in the entire Town who qualified for this exemption. With the average Sudbury tax bill approaching $5,000, a $175 exemption is not going to make a significant difference to the typical senior who is on a fixed income. In fact, the total spent in fiscal 1997 for all tax exemptions was $43,000, which is just over one-tenth of 1% of the Town budget and costs the average taxpayer about $7.00 a year. In an October 1997 survey of the 700 Sudbury Senior (65 and older) households, over 50% of the respondents said they were anticipating a move from Sudbury in the near future, and 86% gave real estate taxes as their primary reason for leaving.

Just as it is well accepted that in spite of high property taxes, Sudbury has become a magnet for younger households because of its excellent schools, it should also be accepted that when the quality of schools is no longer a factor in relocation decisions, these same high taxes can equally explain the net flow of older households out of Sudbury. Put into economic terms, the cost benefit ratio is highly favorable for these younger households attracted to Sudbury. In these same terms, once education consumption ceases, the calculus of cost benefit ratio is dramatically less attractive particularly when factored with their far lower retirement incomes.

Section 5. Sudbury's Senior Citizens Reduce the Property Tax Burden for all Sudbury Taxpayers

Whenever a senior household leaves Sudbury and is replaced by a younger household it has a dramatic impact on Sudbury's budget. The house, which was providing a surplus of property tax revenue compared to the services consumed, then becomes a burden where property taxes no longer exceed the cost of services delivered. PTERC chose not to explore nor document this fundamental fact, even though this is central to understanding why it is in the interest of all of Sudbury's taxpayers for Sudbury to retain a far larger number of senior citizen households.

The best current estimate is that this cost is $19,850 (the number prepared for presentation to the 2003 Sudbury Annual Town Meeting by Don Hutchinson, the member of the Finance Committee assigned to speak on Article 54[6]. Because access to the data necessary to

[6] Once the implications of this number became part of the argument for senior citizen Tax Relief, the Finance Committee and other town officials have tried to distance themselves from this work.

perform a detailed analysis of these effects is restricted by state law[7], it is not possible for an individual to perform these studies. PTERC was unwilling to ask that these studies be performed by town officials with access to this data.

Using Mr. Hutchinson's estimate of $19,850, the 1,319 homes in Sudbury with an occupant 60 or older collectively reduce the Town's budget by $25.7 Million. That is if these households were to all move out of Sudbury, there would be a very dramatic increase in the property tax bills for all of Sudbury's taxpayers. This is a robust conclusion that is not particularly sensitive to the accuracy of Mr. Hutchinson's estimate. For, example, even if Mr. Hutchinson's estimate is 50% too high (i.e., the true cost is only $13,250 per household) the cost would still be $17+ million.

Section 6. The Legislative Precedent to Providing Tax Exemptions to Encourage and Enable Home Ownership

On October 8, 2003, the House by a vote of 120 to 24 and the Senate by a vote of 26 to 8 overrode Governor Romney's veto and enacted House 2185 to increase the Residential Exemption (MGL c 50 § 5C) in Cambridge to 30%. Cambridge's exemption provides significant tax relief to Cambridge's resident homeowners whose median household income is more than twice that of Cambridge's renter occupied households. Many of these households have extremely high incomes as shown on the charts on the following page. Cambridge joined Boston[8] and Somerville[9] with a 30% Residential Exemption as a result of their Home Rule Petitions, each of which was initiated by the Mayor and City Council.

If the legislature can enact legislation to encourage homeownership for those more fortunate in Cambridge, Somerville & Boston, certainly they should be prepared to enact legislation targeted to enable and encourage all of Sudbury's senior citizens to remain Sudbury homeowners!

[7] It requires access to Sudbury Census data of children, data which by law is restricted, because of concerns about the safety of children. The study required would extend the migration studies to include all ages so that the numbers of school age children who move into the homes sold by senior citizens could be firmly documented.
[8] Chapter 403 of the Acts of 2000 (Boston's Home Rule Legislation)
[9] Chapter 257 of the Acts of 2000 (Somerville's Home Rule Legislation)

HCT12. MEDIAN HOUSEHOLD INCOME IN 1999 (DOLLARS) BY TENURE [3] - Universe: Occupied housing units
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data

	Cambridge city, Middlesex County,
Median household income in 1999 --	
Total	$ 47,232
Owner occupied	$ 78,366
Renter occupied	$ 38,048

U.S. Census Bureau, Census 2000

HCT11. TENURE BY HOUSEHOLD INCOME IN 1999 [25] – Universe: Occupied housing units
Data Set: Census 2000 Summary File 3 (SF 3) – Sample Data

	Cambridge city, Middlesex County, Massachusetts	
	Owner occupied:	Renter occupied:
Total Number:	13,735	28,880
Less than $5,000	281	2,084
$5,000 to $9,999	225	2,202
$10,000 to $14,999	436	1,886
$15,000 to $19,999	354	1,744
$20,000 to $24,999	445	1,932
$25,000 to $34,999	931	3,453
$35,000 to $49,999	1,485	4,720
$50,000 to $74,999	2,386	4,852
$75,000 to $99,999	2,081	2,950
$100,000 to $149,999	2,404	1,952
$150,000 or more	2,707	1,105

U.S. Census Bureau, Census 2000

Minority Report to the Selectmen Regarding PTERC Report to the Selectmen Dated 12/11/03

The Property Tax Equity Review Committee has worked tirelessly over the last six months to develop its proposal to the selectmen. The proposal represents the sincere and concerted effort of 23 volunteer citizens who were earnestly invested in developing a program that would be acceptable to the community and be effective in creating greater tax equity within the Town. The proposal contains some excellent and important features and is an honest effort to move the Town toward a point of greater tax equity across its constituents. It is the belief of the writer of this minority report that all 23 committee members (including the writer) accepted various compromises in an effort to arrive at a consensus on the report to be submitted to the Selectmen.

The writer of this minority report had every hope of being able to support the final work product of the Committee. Unfortunately, it is the writer's belief that the proposal, as constituted, is seriously flawed because it neither incorporates a true "sunset provision", nor does it incorporate an adequate mechanism for review of its recommendations by Town Meeting in future years. The writer believes strongly that the Town should engage in a periodic review of this self-engineered social policy with some degree of regularity (perhaps every 3 to 5 years), and that Town Meeting is the appropriate venue for such review. The Town must be afforded the opportunity to review, consider and change the features of this proposed policy (if deemed necessary by TM at some time in the future) as the Town's needs, demographics and desires evolve over time. Because the writer felt so strongly about this issue, and because even compromises on the matter proved unable to derive consensus on the issue, the writer felt compelled to submit this report. As a result of this important flaw, the writer cannot support the final work product of the Committee and submits this report in opposition to the Committee's final position. The writer vigorously encourages the Selectmen (and, if necessary, the Town at large) to correct this flaw or reject the Committee's proposal. The writer will outline below some of the more specific reasons why such periodic review is critical.

CONCERNS WITH PTERC'S PROPOSAL

The committee attempted to selectively draw upon features for its proposal from several pieces of existing legislation in an effort to craft a proposal that would seem "familiar" to legislators who would ultimately have to approve any future home rule petition that would result from the PTERC proposal. These include various qualification criteria for the receipt of benefits under the proposed program (e.g. a residency requirement, an income limitation and the definition of "income" itself, maximum home value, etc.) as well as the benefit calculations themselves. This makes a good deal of sense relative to the issue of trying to increase the likelihood of sympathetic review at the State level. However, we can only guess and really do not currently *know* how the pieces we decided to pick and choose from existing legislation will effectively interact with one another. It is highly likely that something will not have been adequately thought through, or will have unintended consequences resulting in the process not working as we had planned. In fact, the writer is convinced that the test of time will expose some mechanical and/or conceptual flaws in the structure of the program we have developed, and there is no adequate process included in the proposal for **the Town** to perform an ongoing review of the structure to ensure its functional integrity; nor is there any "end date" by which a flawed program would terminate of its own accord. As structured, the program can continue "as is" in perpetuity.

Additionally, despite the hard work and best efforts put forth by the Committee, and through no fault of its own, the Committee's work was accomplished on an "accelerated" schedule. In the interest of addressing the issue of tax equity expeditiously, the Committee was given a 6-month timeframe to address its charge. This is in contrast to the many years over which legislation may typically be crafted, debated and re-crafted at the State level. Further, we have no history or experience with our proposal to know if it actually works the way we would intend. PTERC's proposal, while thoughtfully considered within the Committee, is creating new social policy within the Town and there is no history to look back on to "stress test" the structure we have proposed. The issues being tackled by the Committee are incredibly complex, with many variables at play. To assume that we "got it exactly right" on the first try is not reasonable. Where is the mechanism for future Town Meetings to address potential unintended shortcomings of the proposal? The committee's solution is to suggest that future Selectmen take it upon themselves to review the efficacy of the proposal and decide whether to bring a review of the proposal to the Town at Town Meeting. The writer believes that this approach is both inadequate and inappropriate. That is a function more appropriately seated with Town Meeting.

These issues are compounded by the fact that the Committee crafted its proposal without the benefit of critical data that it needed. Despite extensive efforts to access the best data available, certain key data simply did not exist. As a result, the Committee was unable to correlate household income with specific household valuations and property tax levels. Therefore, the Committee was unable to accurately quantify the expected number of senior households that would meet our qualification criteria and could not accurately predict usage of the program or its expected costs. We were forced to rely on educated guesswork and really have no idea the degree to which our program design will result in effective migration toward greater tax equity. Did we get it right? The writer honestly does not know. In fact, the only way we will know how close we came is to look back at the program through the perspective of 20/20 hindsight at some point in the future. To a large degree we were shooting in the dark due to the lack of critical data – what if we got it seriously wrong? The committee correctly decided to suggest that any Warrant Article proposed by the Selectmen as a result of the PTERC proposal be subject to approval by both a majority of voters at Town Meeting and (if approved at TM) by a majority of voters at a Town-wide ballot. Why would we hesitate to also incorporate into our proposal a similar formalized mechanism for *future* Town Meetings (every 3 to 5 years) to be able evaluate the performance of the program and make a determination either that it is performing well, or that it needs to be "tweaked" in certain ways to perform better (due either to structural flaws in the program or evolving needs of the Town), or even that the program is completely ineffective and ought to be discontinued in favor of some better approach?

Minority Report Regarding
PTERC Report to Selectmen
December 11, 2003

PROPOSED CHANGE

The writer of this minority report strongly believes that we should ensure that the Town has the (very healthy) opportunity every 3 to 5 years to expose this program to the light of day to make sure that this program continues to work well and serve the needs of the community effectively. The writer is also of the opinion that the incorporation of such a mechanism is likely to make the program more palatable to the Town's population at large, thereby increasing the likelihood of passage of the proposal at Town Meeting and at a general ballot. Therefore, the writer respectfully requests the Selectmen to incorporate the following features into any Warrant Article resulting from the PTERC proposal that they would put forth for consideration at Town Meeting:

1. Any new program enacted by the Town as a result of the PTERC proposal that results in a tax surcharge, exemption or other method of creating a shift in the tax burden, be enacted for an initial period of 3 to 5 years.
2. After the initial 3 to 5 year period of any such program, and at each 3 to 5 year interval thereafter, the program automatically (by its terms) be brought back before Town Meeting for renewal for another 3 to 5 year period. To remain in effect, the program must be renewed at the Town Meeting at that time, or the program would cease as of the beginning of the next fiscal year.
    a. Renewal without any changes to the terms of the program should be subject to a simple majority vote at TM.
    b. Renewal that incorporates **any** changes to the program should be subject to both simple majority vote of approval at TM as well as a confirming simple majority vote authorizing such changes at a Town-wide ballot, to occur at the time of the next regularly scheduled election (or special election ballot that may otherwise brought before the Town's voters, if at an earlier date).
3. It is suggested that any renewal which attempts to incorporate changes to the program, and which passes at the then current TM but fails to gain a confirming majority vote of approval at the Town-wide ballot be treated in the following manner:
    a. Failure to receive a confirming vote of approval at the Town-wide ballot will have the effect of re-affirming renewal of the program **without** any changes for a period of **one** year.
    b. The program should be brought back at the **next** regularly scheduled annual TM (or special TM if one is called for other purposes at an earlier date) for renewal under the same guidelines as described in "2", above. Such process would continue until the program is either i) approved with no further changes, or ii) requested changes receive the necessary approvals at both TM and the general ballot, or iii) the program is terminated. If the program continues unchanged or at such time as the program receives all required approvals necessary to authorize requested changes (as described above), the review schedule would then revert to the "normal" 3 to 5 year schedule, as described in "2", above.

The writer wishes to thank the Selectmen for the opportunity to have served on the PTERC. The writer also wishes to acknowledge and thank each of the 22 other PTERC committee members for their hard work and dedication to the difficult task which we were charged with addressing. Lastly, the writer wishes to thank the Selectmen for their consideration of the concerns raised in this minority report.

Submitted by,

Steven Wishner
PTERC Member