

IN BOARD OF SUDBURY SELECTMEN
TUESDAY, NOVEMBER 26, 2013

Present: Chairman John C. Drobinski, Vice-Chairman Charles C. Woodard, Selectman Lawrence W. O'Brien, Selectman Robert C. Haarde, and Town Manager Maureen G. Valente

Absent: Selectman Leonard A. Simon

The statutory requirements as to notice having been complied with, the meeting was convened at 7:32 p.m. in the Lower Town Hall, 322 Concord Road.

Opening Remarks

At 7:32 p.m., Chairman Drobinski opened the meeting. He stated this is a special meeting of the Board to determine what percentage of the local tax levy will be borne by each class of real and personal property relative to setting the FY 2014 tax rate. On behalf of the Board, he wished citizens Happy Thanksgiving and Happy Hanukkah holidays.

Board of Assessors - Report on Means-Tested Senior Tax Exemption Program

Present: Town Finance Director/Treasurer Andrea Terkelsen, Sudbury Director of Assessing Cynthia Gerry, Town Accountant Barbara Chisholm, Regional Assessor/Consultant Harold Scheid, Tax Consultant Brad Dunn, Chairman of the Board of Assessors Liam Vesely and Board of Assessors members Joshua Fox and Trevor Haydon, Senior Tax Advisor David Levington, Sudbury residents Ralph Tyler, Susan Iuliano, and Jack Ryan

At 7:33 p.m., Town Manager Valente announced the Board of Assessors would provide the Board with a status report on the means-tested Senior Tax Exemption Program. The Board was previously in receipt of copies of the "Addendum Sudbury's Means Tested Senior Tax Exemption," and accompanying graphs.

Board of Assessors member Joshua Fox stated time was devoted this past year to the challenging implementation of Sudbury's cutting-edge Means Tested Senior Tax Exemption pilot program. He stated the Board of Assessors worked with Director of Assessing Cynthia Gerry to create a user-friendly application. He emphasized special attention was given to confidentiality and anonymity for applicants' personal asset and financial information. Mr. Fox stated 124 applications were received, of which 118 were deemed to be conditionally qualified, subject to final rate setting approval by the Department of Revenue (DOR). He explained the exemption shifts the tax burden from qualified residential property owners to other residential property owners. For FY14, there was a limit of .5% of the residential levy for shifted assessed value, allowing up to \$330,000 in exemptions to be granted. Mr. Fox stated \$290,617 in exemptions have been conditionally granted, which equates to approximately .4% of the tax levy.

Selectman O'Brien asked what the amount was for the average tax exemption granted. Mr. Fox stated the exemptions ranged from \$10 to over \$5,500, depending on several factors, including income and assessed property value. He further stated the exemption cannot be greater than half of the total property tax bill.

Mr. Fox stated the Board of Assessors believes the program-to-date has achieved its intended results.

Chairman of the Board of Assessors Liam Vesely stated the implementation of this new program went as successfully as possible, greatly due to the work of Ms. Gerry.

Selectman O'Brien asked if there was successful outreach to the intended target audience. Mr. Fox stated there was significant outreach done by many who are in attendance tonight.

Selectman Haarde asked what lessons have been learned to date. Board of Assessors member Trevor Haydon stated it was observed that, given the eligibility criteria, sometimes it is harder for a homeowner of a property assessed at \$350,000 to qualify than for a homeowner of a property assessed at \$650,000 to qualify.

Selectman O'Brien asked how the Town will report to the State how the program is working. Town Manager Valente stated she has received numerous inquiries from other communities interested in starting a similar program. She stated the Town will likely produce a status report in the future.

Selectman O'Brien asked how applicants learn of the exemption granted. Ms. Gerry, Ms. Terkelsen and Mr. Fox stated the exemption will be indicated as a line item on the property tax bill.

In response to a question from Vice-Chairman Woodard, Town Finance Director Andrea Terkelsen stated the application process is confidential, but the amount of the resulting tax exemption is not private information.

Town Manager Valente read aloud two emails received from Selectman Simon and State Representative Tom Conroy, both dated November 26, 2013. Both gentlemen commended the Town and those who worked diligently to craft and implement this program.

Chairman Drobinski thanked Town staff for their work. He also recognized Ralph Tyler and Dave Levington for their tenacity and efforts to bring this program to fruition for Sudbury's citizens. Chairman Drobinski also recognized the work done by residents Susan Iuliano, Joe Nugent and Jack Ryan, working with Town staff to evaluate the legislation and develop a draft procedure for implementation. Board members concurred.

Selectman O'Brien provided a brief history of prior attempts over a 12-year period to achieve a similar result. He hopes Sudbury's program will become a model for others in the State.

Sudbury resident Ralph Tyler, One Deacon Lane, commended State Representative Tom Conroy and Representative Jay Kaufman for their work, noting implementation of the program would have been impossible without their support.

Regional Assessor/Consultant Harold Scheid stated he works with a number of communities which are very interested in Sudbury's senior tax exemption program.

Public Hearing: Tax Classification

Present: Town Finance Director/Treasurer Andrea Terkelsen, Sudbury Director of Assessing Cynthia Gerry, Town Accountant Barbara Chisholm, Regional Assessor/Consultant Harold Scheid, Tax Consultant Brad Dunn, Chairman of the Board of Assessors Liam Vesely and Board of Assessors members Joshua Fox and Trevor Haydon

At 7:52 p.m., Chairman Drobinski opened the Public Hearing to determine what percentage of the local tax levy will be borne by each class of real and personal property relative to setting the FY 2014 tax rate. The Board was previously in receipt of copies of the informational package entitled, "Town of Sudbury Fiscal 2014 Classification Hearing dated November 26, 2013," prepared by the Board of Assessors.

Chairman of the Board of Assessors Liam Vesely explained that the Board of Selectmen would need to decide its position on whether or not to allow a residential property exemption and a small commercial exemption.

Mr. Vesely stated Sudbury is not eligible for a third exemption, an open space exemption, because the Town has no property classified as open space, and thus no vote is needed. He referred to a chart on Page 2 of the report, noting 93.3% of Sudbury's property is residential, and the remaining 6.7% is classified as commercial, industrial, personal property (CIP).

Mr. Vesely proceeded to describe the residential exemption option, noting it allows for a deduction from the assessed value for qualifying properties of anywhere from 5-20%, within the class, of the average assessment as voted by the Board. He stated the option is typically implemented in communities with a large number of rental and/or investment properties. Mr. Vesely referenced a chart on Page 7 of the report, listing the 13 communities who have adopted this option.

Chairman Drobinski stated that the Board has never voted for a residential exemption for Sudbury.

Mr. Vesely next summarized the small commercial exemption option to grant up to 10% of the property valuation to commercial (not industrial) property which qualify as having no more than ten employees during the previous calendar year and are housed in a building with a valuation of less than \$1,000,000. Mr. Vesely noted the tax shift would be within the same class. He stated small businesses in Sudbury would likely not benefit from this option. Mr. Vesely further noted that, in the past, the Board has not adopted this option.

Vice Chairman Woodard and Chairman Drobinski commended Town staff and the Board of Assessors on the information provided in advance to the Board, noting the information was clear and concise.

It was on motion unanimously

VOTED: To not adopt a Residential Exemption for Fiscal Year 2014.

It was on motion unanimously

VOTED: To not adopt the Small Commercial Exemption for Fiscal Year 2014.

At 8:00 p.m., a discussion ensued regarding aspects of setting the residential factor for the residential class, including discussion of the amount to be shifted this year to the Commercial, Industrial and Personal Property (CIP) classes.

Mr. Vesely stated a maximum shift up to 150% is allowed by law to be made from residential property owners to CIP property owners. He referenced the formula and parameters used to determine the residential factor presented on Page 9 of the report.

Regional Assessor/Consultant Harold Scheid summarized the tax classification process, which allows for a shift to CIP property owners for the benefit of residential property owners. For many years, Mr. Scheid stated Sudbury has chosen a two-rate structure. He noted that, in recent years, the Board has voted to increase the tax burden uniformly between the two classes.

Mr. Scheid referred to a chart on Page 19 of the report. He stated a shift of 1.354 is illustrated as a way to accomplish the same result as was voted last year for a 1.28 shift. Mr. Scheid stated the variance is due to a number of factors, including slightly improved property valuations.

Vice-Chairman Woodard asked for clarification of charts on Pages 16 and 17 of the report, which Mr. Scheid provided.

Selectman O'Brien stated he saw no reason in the material provided to deviate from the Board's previous approach.

Treasurer of the Sudbury Chamber of Commerce Kathy Winston encouraged the Board to continue to work towards tax parity for the betterment of the Town's business community.

Chairman Drobinski stated that, in the past, the Board has tried to maintain a shift as close to a CIP shift factor of 1 as possible to help residential taxpayers in Sudbury, and have attempted to increase tax rates as fairly as possible for the residential and CIP groups.

It was on motion unanimously

VOTED: In accordance with General Laws Ch. 40, sec.56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2014 tax rate and set the Residential Factor at 0.974606 with a CIP shift of 1.354, pending certification by the State Department of Revenue.

It was also on motion unanimously

VOTED: To authorize the Board of Assessors, or its designee, to handle the electronic signing for all appropriate paperwork and forms required for the tax-related matters voted tonight.

There being no further business, the meeting adjourned at 8:18 p.m.

Attest: _____
Maureen G. Valente
Town Manager-Clerk