

Meeting of June 30, 2015

Present: Bruce Firger

John Katz

Christopher Lamarre, Principal Assessor

1. Meeting called to order by Chris Lamarre at 11:20.
2. Prior Meeting Minutes: None
3. Old Business: None
4. New Business:

Mr. Lamarre informed the Board that Kurt Mayland, developer of the Park St/Neenah Paper solar site project, has an agreement to purchase a portion of the industrial zoned AmeriGas property off Van Deusenville Road where he intends to install another, slightly smaller solar project. Mr. Mayland would like the Board to begin analysis on a 20 year special tax agreement similar to the one utilized at the Park St. and agreed to by the Town. Unlike the Park St. site, the Van Deusenville Road site is not a designated "brownfield" which means the financial incentives issued by the state (Solar Renewable Energy Credits or SRECs) will be less. Mr. Lamarre will commence analysis of the proposed project and will call a meeting in the near future to discuss his findings with the Board.

Mr. Lamarre will be requesting the BOA vote to release overlay surplus for FY 2012, 2013, 2014 once formally requested to do so by the Town Manager. Mr. Lamarre informed the Board of three pending Appellate Tax Board (ATB) for FY 2014 that have yet to be scheduled by the ATB. For the other fiscal years, 2012 & 2013, there are no outstanding ATB cases. Audience member and resident Sharon Gregory asked the Board to further explain abatements, exemptions in general & the hardship exemption.

Mr. Lamarre informed the Board that the early retirement incentive the State offered its employees will likely have an adverse effect on the Community Software Consortiums membership to which the Town and 67 other communities are members. The impact will mostly be felt in the technical assistance area as the DOR-Bureau of Local Assessment IT department will be losing a key member who is presently dedicated to supporting Great Barrington's CAMA software. Other members of the IT department have been reassigned to back fill positions vacated within the BLA. The DOR has stated their intention is to unwind technical support of the CSC over the next year and that plans should be made by the consortium to identify and retain a suitable replacement. Sharon Gregory recalled the Town approving approximately \$25,000 for the conversion to new Computer Aided Mass Appraisal (CAMA) software and asked if it were still available. Mr. Lamarre will check with the Financial Coordinator to determine its status. If it isn't it would have to be budgeted for again.

The Board has received a list of uncollectable personal property taxes for FY 2009 through 2014 from Tax Collector Sandy Larkin requesting that they be abated. These are for businesses that have closed and the owners cannot be located.

Motion: John Katz, to abate as requested

Second: Bruce Firger

Vote: 3/0

## 5. Citizens Speak Time

### CITIZEN SPEAK

Members of the audience included Chip Elitzer, Sharon Gregory, Wes Orlowski and Select Board member Ed Abrahams.

Principal Assessor Chris Lamarre stated the FY 2016 Classification Hearing will be held jointly with the Select Board and Fire District and is scheduled for the August 24, 2015 SB meeting. Typically the Classification Hearing is a time for both bodies to deliberate on whether to maintain a single tax rate, split the tax rate, implement a residential exemption, small commercial exemption or a combination thereof. Mr. Lamarre does not expect the Select Board to change or shift the tax burden by employing any of the previously mentioned options because it was decided during the FY 2016 budget hearings held in 2014 to maintain the single tax rate structure. It was also clearly stated that in order to implement the residential exemption the Assessor's Office would require a minimum one year advance notice to properly prepare and staff the office. Additional financial and human resources need to be planned for, budgeted, hired and trained as the residential exemption would create a significant increase in the workload that current staffing levels are not equipped to handle. Board member John Katz expressed concern that if the residential exemption were to be approved for FY 2017 it would coincide with a major audit and review of assessed values by the DOR known as a triennial re-certification, an event that typically places additional demands on staff time and resources.

While answering questions concerning if the residential exemption were to pass, Mr. Lamarre expected approximately 2,500 residential property owners to file applications requesting the exemption or abatement. According to MA laws and DOR rules governing its implementation there are specific procedures by which property owners would apply and prove they are domiciled in Great Barrington. This includes completing an application under the pains and penalties of perjury and providing evidence such as portions of their tax returns to support their claim. Mr. Katz noted that some people file returns in more than one state, further complicating and prolonging the analyses.

### COSTS AND BENEFITS

Ms. Gregory asked if the Assessor had reviewed the costs of putting the residential exemption in place. Mr. Lamarre replied he looked at implementation costs and roughly estimated direct first year costs of \$75,000. This includes personnel cost of \$24,400, a 21% increase in the salary line item. The current clerk's position would increase from 35 hours per week to 40 while a part-time 19 hour per week position would be required. The overlay account would increase by 20% or \$31,400 to cover the anticipated increase in high dollar value property owners and those asked to shoulder an additional tax burden, challenging their increases. A \$10,000 allocation for legal fees for assisting in high dollar value, formal procedure Appellate Tax Board (ATB) cases along with \$5,000 for expert witness fees. \$4,000 would be requested to cover additional office supplies, printing, public education and outreach and miscellaneous expenses.

He noted that under a residential exemption the tax levy is redistributed to non-domiciled property owners, multi-family properties, vacant land owners, chapter land enrollees and if paired with the split tax rate, commercial, industrial and personal property owners. These property owners will be more apt to challenge their assessment because of the substantial tax rate increase and the differential against other rates.

In weighing costs vs. benefits, Ms. Gregory said she did not have access to Mr. Wise's data and supplementary information that he used to draw his conclusions. Ms. Gregory did analyze the raw data files Mr. Lamarre provided to Mr. Wise.

Ms. Gregory stated that Mr. Wise concluded that 75% of full-time residents would receive a reduction and the breakeven point would be \$470,000. The more conservative assumptions were made in his paper on page 12. Here he did not assume a split tax rate and assumed various owner-occupancy ratios where breakeven point might actually be as low as \$330,000. Ms. Gregory was also concerned that if the residential exemption were to pass, many who thought their homes, if assessed below \$470,000 would receive a reduction, might actually incur increases.

It was noted that all non-domiciled housing, including apartments, rental homes, homes held using other people's names, auxiliary housing, would all be raised at the same rate as second homes, regardless of whether the owners are full-time residents. Mr. Lamarre clarified that each resident is entitled to only ONE residential property exemption. Mr. Elitzer noted that increasing rental property taxes would be counter to creating and encouraging affordable rental housing and is particularly devastating because many renters do not have the resources to qualify for home purchases. The residential exemption will serve to further diminish affordable living opportunities for those who most need it; renters.

Using Mr. Wise's most conservative case and examining the 2,113 "Single Family Homes", Ms. Gregory highlighted the likely beneficiaries and the amount of tax reduction. She eliminated owners that were probably not "in need" and were owned by trusts, realty LLC's, realty companies, owners with multiple properties (including full-time residents), and second home owners (whether or not they pay personal property taxes).

This reduced the analysis group to 1,432 single family property owners, of which 813 homeowners would benefit by less than \$200,000 in total. Of the least expensive houses, under \$125,000, 12 owners would benefit with total savings of \$6,694. Of the group between \$125,000-150,000, 30 would save \$14,388 in total. The remaining group, about 619 would see tax increases. The analysis did not include condos, multi-family homes and apartment complexes.

Mr. Abrahams said he wanted all the facts presented, no matter the source as he has not made up his mind on this subject. However, Ms. Gregory repeated what Mr. Wise told her, some of the data, such as the owner-occupancy ratio, which would drive the breakeven point, would not be known until the exemption is implemented and people actually apply for it. Mr. Elitzer noted that this is like "playing Russian roulette" with our tax structure.

Ms. Gregory asked if the Select Board would ask for public access to Mr. Wise's data since there were assumptions and interpretation that go well beyond what she considered to be the actual facts. Ms. Gregory believes the Town should be spending significant time and, if necessary, financial resources to hire an independent firm to analyze the pros and cons and cost-benefit of the proposal. Ms. Gregory expressed concern that Mr. Wise, as a member and Chair of the Finance Committee did not bring forth this proposal through that body, rather he chose to unveil it via Citizen Speak Time at a Select Board meeting thereby creating the illusion the proposal has an air of "official status". She asked if the Board of Assessors who would be affected by this proposal would request access to his data.

Mr. Orlowski, a retired electrical engineer and scientist, forewarned about making policy decisions based on weak data and unexamined assumptions. He recalled the computer programming principle of carefully screening assumptions and all input data in order to reduce output errors and avoid "GIGO," which means "Garbage In, Garbage Out."

Mr. Orlowski also stressed the need for those proposing policies to make their data and assumptions explicit and available for examination on the public record. The public has a right to know.

Mr. Lamarre stated there are only thirteen communities in the Commonwealth that use the residential exemption since it was approved for use some 30 years ago. The majority of the users are urban communities including Boston and its surrounding communities (Cambridge, Somerville, Brookline, Watertown, etc.) as well as a few towns on the Cape & the Islands (Barnstable & Tisbury). He also noted no community outside the 495 beltway uses the residential exemption. He also stated the Town of Sudbury contemplated installing a residential exemption but after retaining the services of a consulting firm to analyze their circumstances, ultimately decided against it. Board of Assessor member Bruce Firger asked why. As noted in their report, the residential exemption was deemed to be a "blunt force" that often creates unintended consequences. Sudbury's intention was to provide relief for seniors. The study concluded too many people would be adversely affected including some seniors and they ultimately voted against adopting it. They opted to explore other methods to mitigate taxes. Ms. Gregory noted that Sudbury engaged in extensive work, creating special data bases and consultants to analyze the effects of a change.

Mr. Lamarre suggested that perhaps instead of the residential exemption, the town consider putting more emphasis on specific measures that help to relieve tax burdens especially for seniors. Means tested programs such as the "41C" Senior Exemption need to be highlighted more.

Ms. Gregory was concerned about the work involved with evaluating Mr. Wise's proposal which might ensue simultaneous to the budgeting process. Mr. Elitzer noted that with added Assessor and analysis costs, it would affect the budget and thus should be reviewed sooner rather than later.

Ms. Gregory urged the Town spend significant time to review this proposal immediately. If costs outweigh the benefits, it should be "taken off the table." Ms. Gregory lamented the fact decisions are being made as we speak by residents, potential buyers and businesses in anticipation of this change. It is disruptive and will signal that second home owners should look elsewhere to purchase a home.

Ms. Gregory reviewed the Master Plan and noted that Great Barrington had the lowest ratio of second homes compared to nearby towns. In 1980-1990 it had been 5 to 10% in the previous Master Plan and more recently grew to 15%, still below nearby towns. She questioned the consequences of the residential exemption in discouraging potential new homeowners from purchasing second homes in Great Barrington. Mr. Elitzer noted that these are low use, high dollar contributors to our tax base.

Mr. Elitzer then added that the effect of selectively reducing taxes will raise the value/assessment of lower priced homes and offset some of the tax shift. Likewise, it would reduce assessments of higher value ones. However, once the exemption were to be adopted, it would be extremely difficult to ever reverse because beneficiaries would immediately experience a significant "jump" in their taxes.

Mr. Lamarre said that Town Manager was trying to pull together a representative from MA DOR to discuss the fundamentals of the residential exemption. Discussion ensued about the need for both the technical information but also the Town's profile which would not be covered by the DOR. Ms. Gregory suggested that the Select Board create a balanced panel to discuss Mr. Wise's proposal separately.

Mr. Elitzer said the most important factors should revolve around whether or not this would be good for Great Barrington, good for economic development, good for jobs, and good for expanding the tax base.

With no further business, meeting was adjourned on a motion by John Katz, seconded by Bruce Firger, with all in favor.

Respectfully submitted

Christopher Lamarre

A handwritten signature in black ink, appearing to be 'Chris', with a long horizontal line extending to the right.