

**TOWN OF MILLBURY  
BOARD OF SELECTMEN MINUTES  
MUNICIPAL OFFICE BUILDING- SELECTMEN'S MEETING ROOM**

**December 6, 2011**

**6:30 p.m.**

---

**Present:** Board of Selectmen: Chairman E. Bernard Plante, Francis B. King, Kenneth I. Schold, Brian W. Stowell, Brian M. Ashmankas; Town Manager Bob Spain, Finance Director Brian Turbitt, Board of Assessors: Dennis Piel, Jude Cristo and George Valery; Steve Balestrieri and concerned citizens.

**6:30 pm—Public Hearing for Tax Classification-**

Chairman Dennis Piel spoke regarding the Assessors recommendation for a single tax rate as only 22.9% of the towns total value is commercial/industrial use.

Selectman Ashmankas proposed the three tier rate-split rate with a small commercial exemption; he thinks it is better for Millbury. He feels we should get more taxes from the mall to give a break to the residents. \*See attached proposal.

Chairman Plante said that he has looked at this for many years. Auburn has been fighting for years to get back to a single rate; they think it sends an anti-business message in Auburn. Every town that he talks to wants to get back to a single tax rate or wants to stay at a single tax rate.

Selectman Ashmankas found it hard to believe that Auburn would feel that it would hurt them with all the businesses they have up and down Rts. 12 & 20.

Mr. Spain said that this is picking winners and losers. "Small" businesses such as Goretti's and Rays would be hurt by this policy.

Selectman King mentioned that the small businesses are already paying itemized taxes as well as property tax.

Selectman Ashmankas thinks we are picking winners and losers with a single rate because that is government.

Assessor Jude Cristo spoke regarding the personal property tax-the largest tax payers would not bring us much more revenue. He thinks we need to bring jobs to town. Many businesses come to Millbury from Worcester because of the single tax rate we offer. He would like the Board to go with the Assessor's recommendation. He does not want this process prolonged any longer.

Alan Linkavich spoke and said that he is not for taxing the rich to give to the poor. He lives in Cordis Mills and if you up their taxes they will up his rent and he is not for that. Selectman Ashmankas pointed out that if they want to raise the rent, they will. It has nothing to do with the taxes assessed.

Mr. Spain pointed out that he and the Chairman just met with a company that is solely making a decision to come to town because of our tax rate. Selectman Ashmankas said a couple of

hundred bucks will not deter businesses from coming, we will not be anywhere near what Worcester accesses.

Motion made by Selectman Stowell to go with the single tax rate, seconded by selectman Schold. Motion carried 4-1 (Selectman Ashmankas opposed).

**Previous Minutes: November 22, 2011**

Motion made by Selectman Stowell to approve the minutes, seconded by Selectman Schold. Motion carried unanimously.

**Previous Minutes: Executive Session November 22, 2011**

Motion made by Selectman Schold to release the minutes, seconded by Selectman Stowell. Motion carried unanimously.

**Adjournment**

Motion made by Selectman Stowell, seconded by Selectman Schold to adjourn at 7:05 p.m. Motion carried unanimously.

Respectfully submitted,  
Tish Hayes, Secretary

E. Bernard Plante	_____
Francis B. King	_____
Kenneth I. Schold	_____
Brian W. Stowell	_____
Brian M. Ashmankas	_____

**Proposal for a Split Rate with a Small Commercial Exemption  
submitted by Brian Ashmankas**

I would like to propose the adoption of the split tax rate along with a small commercial exemption, which essentially amounts to three tiers of taxation with residents paying the least, small businesses paying a middle amount, and large commercial properties paying the largest amount. This shift would be moderate. I have attached a brief description of the small commercial exemption.

Briefly, the small commercial exemption exempts up to 10% of the value of qualifying small businesses (employing less than 10 employees at all locations and valued at less than \$1 million), thereby shifting part of their tax burden onto larger businesses. Meanwhile, the split or dual tax rate shifts part of the tax burden on residents onto businesses. If combined correctly, these two measures can be used to maintain the small business rate at current levels, while reducing the burden on residents and slightly increasing the rate on the largest businesses and chains.

Why we should do it

1. Provide residential taxpayers the property tax relief that they were promised and never received after the entry of the mall.
2. Allows us to shift the burden to larger businesses and chains, without harming our many small businesses.
3. Even a significant increase in our commercial rate would maintain the competitive advantage over Worcester that has served us so well (Worcester's comm. rate = 34.65) and would be unlikely to drive our high-value businesses out as both the Shoppes and Wheelabrator would find it difficult to move and likely unprofitable.
4. In this recession, providing residents with a little extra disposable income by reducing their tax rate would provide much needed relief and would also be of some benefit to local businesses seeking customers able to spend money.

What about the effect on businesses? Will they start to leave the town?

I contacted the assessors in most of the towns that utilize the small commercial exemption (all but New Ashford). Their answers varied, but below is a brief outline of each.

More businesses have come to town since adoption (not necessarily correlated). Home Depot, Chili's, and most recently Walgreen's built since.

**Somerset**

No affect on business since its adoption

**Avon, Braintree, Dartmouth**

Caused some exodus of business

**Bellingham**

Helpful to small business, but doesn't affect their decision to stay or go

**Seekonk, Somerset**

**Proposal for a Split Rate with a Small Commercial Exemption  
submitted by Brian Ashmankas**

Implemented to protect small businesses, didn't help. Had a dual rate already

**Auburn**

Stability, infrastructure, and available market has a much greater effect on business location decisions than tax rate

**Westford**

Have a large commercial base 20% primarily due to location on 495. 31 qualify for exemption. Tyco Valve moved out of town due to taxes and other reasons (poor access to building, antiquated building). Should worry about effect movable high-value businesses, but not about those that can't really move efficiently or profitably.

**Wrentham**

Conclusions

Towns that were losing businesses continued to lose them, towns that were attracting businesses continued to attract them. Minor adjustments in the tax rate have virtually no effect on a town's attractiveness to businesses. The only exception was Bellingham significantly different than Millbury in terms of character, distribution of businesses, and mobility of businesses (strip mall as opposed to trash incinerators and large profitable mall).

Much more important to a town's attractiveness to businesses are its stability, infrastructure, and availability of market. Millbury's success in this category can certainly be much more attributed to these factors than to its tax rate.

Millbury has ample quantities of all these factors. It has maintained stability through its consistency in projecting a pro-business attitude in both its communications with the public and policy. Its infrastructure is relatively well maintained and its immediate access to the rest of southern New England by the Mass Pike, Route 20 and Route 146 make it very attractive to businesses. Finally, its proximity to Worcester and to several middle-class towns (including itself) provide a valuable market for potential businesses.

Tax-rate may partially be considered by businesses in location decisions, but it is far from the only or even primary factor. We should be wary about driving out high-value businesses that can easily locate somewhere else (such as factories that can manufacture anywhere and don't have to worry about being around customers) and would benefit from the move, however we should not be concerned with those that benefit from their location in Millbury and would have a difficult time re-locating (such as the Wheelabrator and the Shoppes at the Blackstone Valley).

However, for those towns that reduced their rates for small businesses or residents, we can certainly say that it benefited them financially even if it did not affect their location/residence decision.

**Proposal for a Split Rate with a Small Commercial Exemption  
submitted by Brian Ashmankas**

There were criticisms too and I would be remiss not to mention them

1. The most common was that the state-provided list was inadequate and outdated. We need to either send out a questionnaire to businesses to determine their qualification or encourage the Chamber of Commerce to encourage members who qualify to apply.
2. More work for the assessors, we need to provide them with time to make appropriate adjustments.
3. All businesses on a property must qualify or none do
4. Break goes to property-owners, who aren't necessarily the business-owners (however even renting businesses may see a decrease in rent as a result)
5. Small industrial properties don't qualify

Options

1. Provide a small commercial exemption without a dual tax rate (not recommended). This would result in a three tier rate in which small businesses pay a lower rate, residents pay the same, and larger businesses pay a higher rate.
2. Provide a small commercial exemption of less than 10% (for instance 5%) to small businesses and apply a very slight split rate. This would lead to a very modest three-tier rate that would provide residents with a small tax break and only slightly increase the burden on larger businesses. This might be a good option for a first-year experiment in order to observe the effects first hand and allow some of the kinks to be worked out.
3. Provide a maximum small commercial exemption of 10% to small businesses and apply a moderate split rate. This would lead to a modest but meaningful three-tier rate that would provide residents with a meaningful tax break, while not increasing the burden on larger businesses significantly. In both this and the previous option, the rate on small businesses stays the same.
4. Provide a small commercial exemption with a significant split rate (not recommended). This would provide a major tax reduction to residents, while increasing the rate on small businesses and increasing it even more on larger businesses.

Motion

I move to adopt a dual tax rate with a 10% commercial exemption, so that the rise in the commercial rate and the exemption granted to small businesses fully offset resulting in no change to the rate paid by small businesses from the amount they would otherwise pay under a single rate.