TOWN OF SUDBURY

The Residential Exemption Report

November 1, 2011

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Executive Summary

The prospect of easing the high property tax burden that certain residential property owners are facing through the adoption of a Residential Exemption is an option which must be examined and considered annually by the Board of Selectmen. The Residential Exemption provides a mechanism to redistribute the property tax burden within the residential class. It does not impact the Commercial, Industrial or Personal Property classes. Lower end assessments will generally see a property tax decrease, while higher end and non-qualifying properties will see an increase. The residential tax rate will rise in conjunction with a Residential Exemption.

The results of the research and analysis project are integrated in The Residential Exemption Report. The statistics reported are based on FY 2011 assessment data. Our calculations are assuming the maximum exemption allowance, which is 20% of the average residential property assessment. The calculated amount of exemption for qualifying residential properties is $117,691. A majority of the 13 Residential Exemption communities have adopted the 20% exemption.

A residential exemption database was produced whereby assessment and resident age were merged.

A population sample was developed based on eligibility requirements as established in Chapter 59 Section 5C.

An estimate of 5,061 residential properties was determined as meeting the ownership/occupancy requirements of the program.

The exemption is not means based, and is not available to all residential property owners. Over 1,000 residential properties which do not meet the requisite eligibility criterion will involuntarily see a tax increase.

The majority of qualifying residential properties will see a tax decrease.

Non-qualifying and properties assessed greater than $711,200 will see a tax increase.

The breakeven assessed valuation is $711,200. It is that point of valuation by which qualifying properties will experience neither a positive nor a negative impact due to this taxing scheme.

Seniors with assessments greater than the breakeven point will be burdened with higher taxes.

Close to one-third of the qualified properties are owned by a resident over the age over 60.

Sudbury seniors reside in homes with an average assessed value of $546,700.

Not all seniors will qualify for the exemption. Regardless of income or assessment, if the ownership/occupancy requirement is not met, the property will be disqualified. Properties owned by a trust may not qualify.

Sudbury's Local tax initiatives have provided means based assistance for the tax deferral, and personal exemption programs.

Sudbury's demographic profile has little in common with the thirteen (13) communities which currently implement the program. Sudbury's population of non-owner occupied homes is relatively small. Virtually all communities with the exemption in place include a large population of non-owner occupied properties.

There are serious tax equity issues associated with adoption of the Residential Exemption, and these must be given careful consideration.

The Board of Selectmen must clearly define their goal when considering the exemption, and determine whether adoption of a Residential Exemption is the appropriate means to accomplish the desired end.

I. INTRODUCTION

This report is a study of the impact of adopting a Residential Exemption for properties classified as residential in the Town of Sudbury. Residential properties are referred to in this report as Class I properties or parcels. Class I properties include single-family residences, apartments, multi-family units, condominiums and vacant land.

In order to qualify for the Residential Exemption specific ownership and residency conditions must be met. Those requirements are discussed in Chapter III.

Unlike 'personal' exemptions which reduce the tax bill by statutory amounts, this provision reduces the property assessment by a fixed dollar amount of assessed value. It is therefore a 'property' exemption.

Adopting the Residential Exemption would allow the Selectmen to exempt from qualified Class I properties a percentage of the average assessed value of all Class I properties. The maximum allowable valuation exemption without special legislation is twenty (20%) percent of the average assessed value of all Class I properties, with no minimum.

To show the effects of adopting the exemption, this report used Fiscal Year 2011 valuations and the Fiscal Year 2011 tax rate of $17.03 for Class I properties. For fiscal year 2011, the average assessed value of Class I properties was $588,454. Thus, if a residential exemption of 20% had been adopted for FY 2011, the assessments for all <u>qualifying</u> Class I properties would have been reduced by $117,691. If a residential exemption of 5% had been adopted, the assessments for <u>qualifying</u> Class I properties would have been reduced by $29,423. It is important to note that the exemption amount to be subtracted from the assessed valuation of qualifying Class I properties is a constant and not a percentage of an individual property assessment.

To compensate for the reduction in valuations of Class I properties receiving the exemption, the tax rate for the residential class must increase. That is because the total taxes to be levied on Class I properties must remain within that class, and cannot be shifted onto properties classified as Commercial, Industrial or Personal.

Currently, thirteen Massachusetts cities and towns have adopted the Residential Exemption. Historically, the exemption has been adopted in those communities with a high percentage of apartments and other investment property or seasonal homes. In general terms the exemption shifts real estate taxes onto Class I properties that are not occupied by the property owner as the owner's principal residence or are held for investment.

Of the 6,117 Class I properties in the Town, this report assumes 5,061 qualify for the Residential Exemption. To estimate the probable number of eligible properties, the following criteria were applied:

1. Only residential dwelling units may qualify (not vacant land, multi-family properties or apartments).
2. Only those residential properties whose owners are principally domiciled at the property may qualify.
3. Some residential properties held in Trust may not qualify.

As intended by the application of a Residential Exemption, property owners not qualifying for the exemption would see higher real estate taxes. The tax rate on all Class I Properties must be increased to offset the reduced valuations of the qualifying Class I properties.

This report will show that a Residential Exemption would have lowered FY2011 property taxes for those qualifying property owners with assessments below $711,200. This report will also show that qualifying property owners with assessments greater than the “break even” value would have had higher tax bills as a result of the requisite increase in the residential tax rate.

<u>Historical Perspective</u>

To understand the principles of the Residential Exemption it is important to have a basic understanding of how the “ad valorem” taxation as well as full and fair cash valuation system in Massachusetts has evolved.

The Constitution of the Commonwealth of Massachusetts requires that taxation be proportionate and reasonable. Assessors have a statutory duty to assess all real and personal property at full and fair cash value.

Conforming to provisions set forth in Massachusetts General Laws Chapter 59 Section 38, the Town of Sudbury’s first revaluation was conducted in the year 1966 and then again for the 1970 tax year. As a result of the 1970 revaluation assessed valuations in the Town increased appreciably.

Prior to 1974 there were wide variations in assessment practices in Massachusetts. Although a statutory requirement for all communities to assess at full and fair cash value was in place, it was not enforced. Those cities and towns adhering to the mandates of assessing properties at their full and fair cash valuation were penalized; the local aid formula and distributions were based on the equalized value of the community. Communities conforming to the regulations tended to have higher equalized values, and as a result received less state aid.

The Supreme Judicial Court's (SJC) 1974 landmark decision Town of Sudbury v. the Commissioner of Corporations and Taxation, (the Sudbury Decision) found in favor of Sudbury's contention that there were wide variations in local assessing practices, and that the Commissioner of Revenue was not enforcing the standard, thereby resulting in unfair local aid distributions.

The SJC decision in the Sudbury case held that the Commissioner had both the power and the duty to direct assessors to maintain full and fair cash valuations. The effect of the Sudbury decision in communities practicing disproportionate assessing was to shift the tax burden from commercial, industrial and personal properties back to residential properties.

In 1978, voters approved an amendment to the Massachusetts Constitution, which authorized the Legislature to classify real property into as many as four classes.

In 1979, the General Court passed legislation authorizing the use of differential tax rates provided a community was certified as assessing its property at full and fair cash value. Chapter 797 of the Acts of 1979 §12 amended Chapter 59 by inserting § 5c which established the Residential Exemption (see Appendix F). The determination to implement differential tax rates is a local option that is made each year by the selectmen in a town or by the mayor and city council in a city.

Once the Department of Revenue certifies that the municipality's values represent full and fair cash values and the properties are classified according to use, local officials are permitted to determine the proportion of the tax burden to be borne by each class of property. The Commissioner of Revenue annually determines the allowable limits of this shift for each community.

Sudbury has classified its property types since 1981, and has also utilized dual tax rates since that time (see appendices (A) 1980 and (B) 1981 recap).

Annually, the Board of Selectmen in the Town hold the Classification Hearing at which they vote on the share each of the property classes is to bear, and they also vote on three exemptions: the small commercial exemption, the open space exemption and the Residential Exemption.

Historically Sudbury Selectmen have not adopted the Residential Exemption. Along with an indiscriminate redistribution of tax, the nay vote may have been due to such a high percentage of residential properties in the Town being owner-occupied. This option may, however, be a means to reduce property taxes for some of Sudbury's senior population since the valuations of homes owned and occupied by seniors tend to be in the lower two-thirds to three-quarters of all residential properties.

It should be noted however, Sudbury has adopted, where permitted by law, generous options regarding the Senior Tax Deferral Program, and Town Meeting has passed warrant articles increasing the maximum available allowances for statutory personal exemption relief.

Citing the Sudbury decision as evidence, it is important to note that the Town has historically championed fair and equitable treatment for all. The Selectmen need to determine whether adopting a Residential Exemption will maintain that end.

II. Residential Exemption Database Profile

In order to gain a sound understanding of how various population groups fit into assessed value ranges, a working database was constructed. This provided details of consequences various age clusters are likely to face resulting from the adoption of a Residential Exemption Program.

We started with the Assessors 2011 real estate data and deleted all commercial, industrial, and exempt properties. We then removed vacant land, apartment buildings, and the assisted living facility. From the remaining residential data, certain properties held in Trust were also eliminated. From this database we were able to cross match mailing and location addresses. Any records that we reasonably assumed to be non-owner occupied were also eliminated.

With the Assessors data in place, we compared our results with information from the Town Clerk's Office. The coordinated accounts matched assessment and resident data. We were able to determine the eldest resident in 4,976 of the 5,061 properties eligible for the Residential Exemption. (The eldest resident could not be determined in 85 properties.)

It should be understood the data sample may be subject to unintended omissions, exclusions and duplications.

Database Results

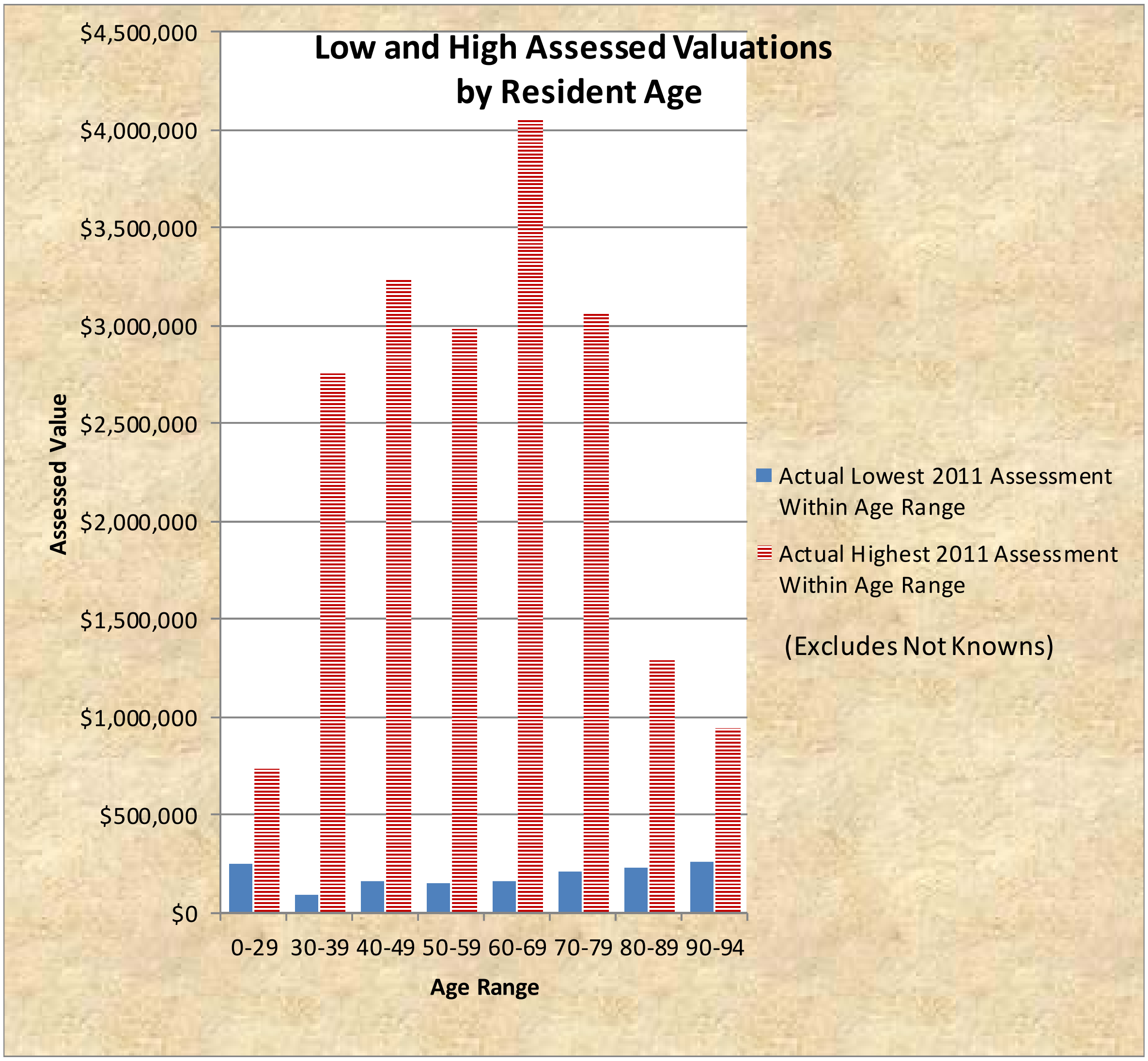
Because the Residential Exemption does not recognize age or income it is important to note how various groups will be impacted. The data relative to age and assessed values are depicted in the following table and graphs.

Database Results

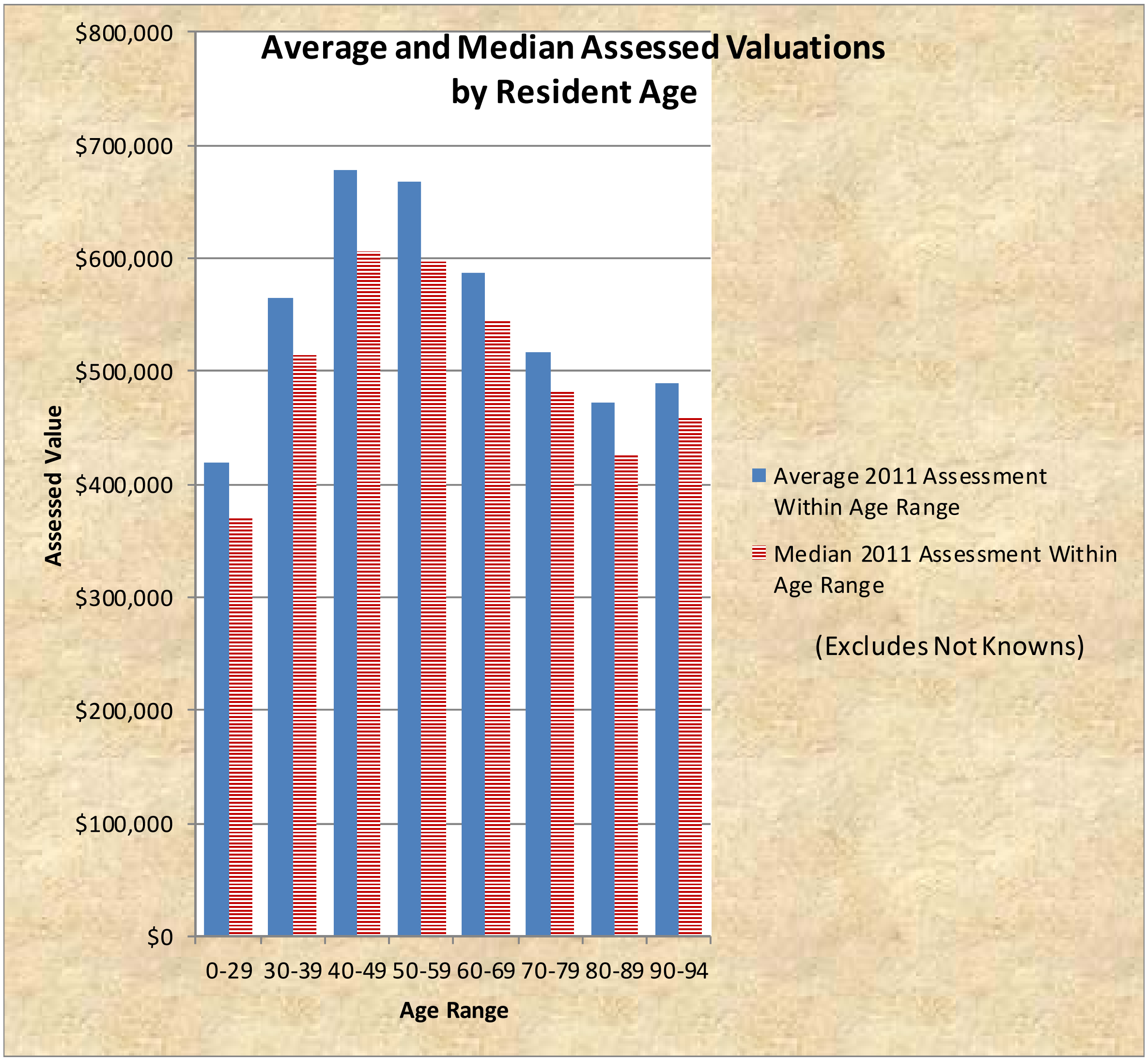
Age Range	Property Count	Lowest Assessment	Highest Assessment	Average Assessment	Median Assessment
0-29	16	247,600	740,000	418,281	371,500
30-39	448	91,000	2,762,100	564,837	516,050
40-49	1472	158,000	3,247,600	678,308	606,550
50-59	1514	153,000	3,000,000	667,411	597,400
60-69	885	161,000	4,049,900	586,778	544,600
70-79	436	214,400	3,069,300	517,495	482,750
80-89	184	227,200	1,290,200	472,296	425,550
90-94	21	265,900	943,600	489,095	459,300
NK*	85	134,000	2,732,800	582,388	474,900
Total	5061				

*NK = Not Known

The following *Low and High Assessed Valuations* graph illustrates the low and high assessment ranges grouped by age.



The following graph illustrates the average and median assessment ranges grouped by age.


Average and Median Assessed Valuations by Resident Age
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
Assessed Value
0-29
30-39
40-49
50-59
60-69
70-79
80-89
90-94
Age Range
Average 2011 Assessment Within Age Range
Median 2011 Assessment Within Age Range
(Excludes Not Knowns)

III. The Process

Determining the Eligible Accounts

The method to determine eligibility begins with a review of the taxable accounts to ascertain a reasonable estimate of eligible candidates. Certain accounts are immediately rejected based upon their designated Class and/or use. These include: Commercial, Industrial and Personal Property which are not considered in the equation, as they are not part of the Residential Class I. As well, Vacant Land, Apartment Buildings, Assisted Living Centers and Daycare Facilities are not eligible.

Within the Residential Class I there remain certain other parcels that are not eligible to receive the exemption as they do not meet the necessary ownership and occupancy requirement. Of Sudbury's total residential parcel count 6,117 we estimate that 5,061 parcels may qualify for exemption. This leaves 1,056 parcels that would not be eligible due to one or more of the following factors:

- A residential home which is not owner occupied;
- New construction which is unoccupied on January 1st;
- A residential home whose ownership is held in certain trust type.

In some instances, property held in trust may not qualify. Trust ownership arrangements may adversely affect qualification for the Residential Exemption as well as other statutory exemptions. For estate planning purposes many seniors place their properties in a trust and inasmuch eliminate their individual ownership in the property. This may also eliminate their eligibility for the residential exemption. As a general rule, an applicant must be trustee and beneficiary to be eligible for exemption. The Department of Revenue issued a very comprehensive guideline on Trust eligibility associated with tax exemptions and deferrals.[1]

The estimated 5,061 parcels that we identified as potentially eligible have the following characteristics:

- The principal residence of the owner on January 1st;
- Owned either individually, jointly, or in some cases as a trustee.

For the purpose of all exemptions, the principal residence is the address from which the Massachusetts income tax return is filed.

Using the criteria identified above we have estimated the number of Class I properties likely to receive the exemption, as well as the properties not likely to qualify. The ELIGIBLE/INELIGIBLE ACCOUNTS chart below details the results.

[1] See Appendix C

ELLIGIBLE/INELIGIBLE ACCOUNTS

Residential Taxable Property by Use (CLASS I)	Use Code	TOTAL ACCOUNTS	Total Taxable Residential Assessments By Use (Class I)	Elligible		Ineligible	
				ACCTS	PERCENT	ACCTS	PERCENT
Single Family Dwelling (SFD)	101	5,392	3,386,110,700	4,883	91%	**509**	**9%**
Condominium	102	200	84,889,600	141	71%	**59**	**30%**
2 Homes on 1 Lot	Misc 103,109	21	22,430,200	13	62%	**8**	**38%**
Two-Family	104	21	12,254,400	7	33%	**14**	**67%**
Three-Family	105	1	548,300	1	100%	**0**	**0%**
Apartments	**111, 125**	**3**	**17,722,300**	**0**	**0%**	**3**	**100%**
Vacant Land	**130-132, 106**	**437**	**52,816,500**	**0**	**0%**	**437**	**100%**
Mixed-Use, Farm Homes	012-043	42	22,798,656	16	38%	**26**	**62%**
TOTALS		6,117	3,599,570,656	5,061	83%	**1,056**	**17%**

Classification of Assessments and Rates

Classification of property by its use allows municipalities to allocate how much of the tax burden each class shall bear. Annually, a public hearing is held by the Board of Selectmen to determine the tax rates. Known as the Classification Hearing, the public is invited to express their opinion about the distribution of the taxes to be raised. Prior to the meeting, the Assessors stratify the taxable values by 'Class' or usage type.

There are four taxable classes of real property and one personal property class.

Class I	RESIDENTIAL	All residential property uses
Class II	OPEN SPACE	Vacant Land
Class III	COMMERCIAL	Retail, Office,
Class IV	INDUSTRIAL	Manufacturing, Mining
Class V	PERSONAL PROPERTY	Business Items not permanently affixed to the real estate.

The following are commonly used acronyms for these classes:

RES **Res**idential property

OS **O**pen **S**pace

CIP **C**ommercial, **I**ndustrial and **P**ersonal Property classes

Massachusetts' ad valorem tax system is based on rates per thousand of assessed value. The allocated levy, when divided by the aggregate assessments by Class, yields a 'millage' rate. This percentage when multiplied by 1,000 returns a tax dollar rate.

The following chart illustrates the results of fiscal year 2011 Classification Hearing. The RES rate was $17.03 and the CIP rate was $22.27.

If tax rates were not split, all classes would have paid on a rate of $17.40. CIP's actual share was seven percent 7% of the total tax base. By increasing it with a factor of 1.28, their rate increased by $4.87 to $22.27. Shifting an additional 28% of the levy onto CIP only reduced the residential tax rate by 37 cents to $17.03. The reason for such a minor decrease to Class I is the amount of CIP tax base is quite small. In years when the real estate market is on the rise, CIP has even less weight to support residential taxes increases.

Fiscal Year 2011 Tax Rates As Certified By the Department Of Revenue (DOR)[2]

CLASSIFICATION		TAXABLE VALUES	TAX LEVY	TAX RATE
I	RES	3,599,570,656	61,300,688	**17.03**
II	OS	-	-	N/A
III, IV, PP	CIP	274,711,172	6,117,818	**22.27**
TOTAL		3,874,281,828	67,418,506	N/A

The RES levy of $61,300,688

Divided by

The RES value of $3,599,570,656

Equals: .01703

When multiplied by 1,000 the result is

The RES tax rate: $17.03.

Incorporating a RES exemption will reduce the total RES value taxed, and this is an acceptable outcome. Conversely, the required **levy** to be raised cannot change. If a residential exemption were to be adopted, the same amount of RES tax levy: **$61,300,688** needs to be collected.

2011 tax recap appendix D

Computation of the Residential Exemption

Subsequent to the allocation of the tax, Selectmen may choose to adopt a residential exemption. This process begins with a calculation of the average assessment of all residential properties. The formula is based on simple division of the total value of all residential property types by the number of properties in the residential class.

Residential Property Types	Number of Accounts	Class Value Totals	Average Residential Assessment
101: Single Family	5,392	3,386,110,700	
102: Condominiums	200	84,889,600	
Misc Res:	21	22,430,200	
104: Two Family	21	12,254,400	
105: Three Family	1	548,300	
111-125: Apartments	3	17,722,300	
130-32 & 106: Vacant Land	437	52,816,500	
012-043: Mixed Use	42	22,798,656	
(Value/Count =) ***Average Residential Assessed Value***	***6,117***	***$ 3,599,570,656***	***$588,454***

Even though all properties do not benefit from the exemption, the Average Assessed Value of ALL Residential Property provides the basis for determining the dollar amount of value to be exempted.

Sudbury's FY 2011 average assessed value of *all* residential property is **$588,454**. Once the percentage is voted, it is multiplied by the average.

For Example:

Average RES Value	$588,454
Times	X
Voted percentage	20%
Equals	=
Value of the Exemption	**$117,691**

With the exemption discount calculated, the new RES Taxable Value can be determined. The estimated accounts which are eligible for the exemption are 5061.

Value of the Exemption	$117,691
Times	X
Eligible Accounts	5061
Equals	=
Total Exemption Value	**$595,632,731**

Since each eligible property will receive a reduction in their assessment of $117,691 the total amount of exemption must be subtracted from the original RES taxable value to determine how much value remains to be taxed.

Original RES Total Value	$3,599,570,656
Minus	-
Total Exemption Value	595,632,731
Equals	=
Adjusted Taxable RES Value	**$3,003,937,925**

Given that the residential class assessment total is reduced in the example, collecting the same amount of levy is offset by applying a higher tax rate. The following chart depicts the **Actual FY11** value and rate and the case in point **Adjusted FY11** value and rate, assuming a 20% adoption.

Residential	FY11 Value & Rate	FY11 Value & Rate With Exemption
Percent Voted	0%	20%
Taxable **Value**	$3,599,570,656	$3,003,937,517
Tax **Levy***	$61,300,688	$61,300,688
Tax **Rate**	$17.03	$20.41

** The amount of tax levy to be raised by the RES Class is the same with or without the exemption*

Table of Example Percentages shows the corresponding exempt values and tax rates based upon various percentages.

Table of Example Percentages

Example Percentage	Relative Value	Corresponding Residential Tax Rates
5%	29,423	17.76
10%	58,845	18.57
15%	88,268	19.44
20%	**117,691**	**20.41**

While discussion concentrates on a twenty percent exemption, the table on the following page demonstrates the full computation along with outcomes of several options.

RESIDENTIAL EXEMPTION CALCULATION

Residential Average Assessment	Total Accounts	Total Eligible Accounts	Exemption Voted	Exemption Amount	Total Value Exempted	New Residential Assessment Total	Total Residential Levy	Tax Rate
588,454	6,117	5,061	0%	-	-	3,599,570,656	61,300,688	$17.03
			5%	29,423	148,908,183	3,450,662,473	61,300,688	$17.76
			10%	58,845	297,816,366	3,301,754,290	61,300,688	$18.57
			15%	88,268	446,724,549	3,152,846,107	61,300,688	$19.44
			20%	117,691	595,632,731	3,003,937,925	61,300,688	$20.41

Calculation of the Residential (RES) Tax Rate

RES Tax Levy		Total RES Value		Rate of Tax	times		Tax Rate
61,300,688	divided by	3,599,570,656	equals	0.01703	1,000	equals	$17.03

Calculation of the Residential RES Exemption

Total RES Value	3,599,570,656	
divided by	6,117	Class I Accounts
equals	588,454	Average RES Assessment
times	20%	Exemption Percent
equals	117,691	Value from which to reduce eligible assessments
times	5,061	Number of Eligible Accounts
equals	595,632,731	Total Value Exempted

Total RES Value		Total Value Exempted		Adjusted RES Total
3,599,570,656	*minus*	595,632,731	*equals*	3,003,937,925

Calculation of a 20% (RES) Exemption Tax Rate

RES Tax Levy		Adusted RES Total		Rate of Tax	times		Tax Rate
61,300,688	*divided by*	3,003,937,925	*equals*	0.02041	1,000	*equals*	$20.41

One of the documents submitted at the Classification Hearing is a worksheet illustrating the increase in a single family tax bill from the prior year. The changes are segregated by value increments and show dollar and percent changes. The average value of a Single Family Dwelling (SFD) and tax are highlighted. The following table has four sections.

The top row lists FY10 values with taxes calculated by the FY10 rate of $16.08.

The next section shows the actual FY11 increase as calculated by the voted tax rate of $17.03.

The next section illustrates the shift in tax liability when a 20% RES Exemption, with a calculated rate of $20.41 is applied to qualifying properties.

The final section indicates a 19.8% increase for non-qualifying RES accounts at the $20.41 tax rate.

FY11 Tax Implications of a Residential Exemption

Regular Annual Tax for FY2010

FY10 Assessment		$300,000	$400,000	$500,000	$600,000	$650,400	$800,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
FY10 Rate	**$16.08**	**$4,824**	**$6,432**	**$8,040**	**$9,648**	**$10,458**	**$12,864**	**$16,080**	**$24,120**	**$32,160**	**$40,200**

Tax Increase from FY2010 to FY2011

Regular Annual Tax Differential Between FY 2010 and FY 2011

RANGE OF VALUES		UP TO 300K	UP TO 400K	UP TO 500K	UP TO 600K	UP TO 700K	UP TO 800K	UP TO 1.0M	UP TO 1.5M	UP TO 2.0M	UP TO 2.5M
ACCOUNTS*		**277**	**748**	**1238**	**1052**	**727**	**588**	**518**	**446**	**50**	**21**
FY11 Assessment		$289,668	$386,224	$482,780	$579,336	$628,000	$772,448	$965,560	$1,448,339	$1,931,119	$2,413,899
FY11 Rate	**$17.03**	**$4,933**	**$6,577**	**$8,222**	**$9,866**	**$10,695**	**$13,155**	**$16,443**	**$24,665**	**$32,887**	**$41,109**
$ Difference		$109	$145	$182	$218	$236	$291	$363	$545	$727	$909
% Difference		**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**

Tax Impact Using a 20% Residential Exemption Value and Tax Rate

Tax Differential Between FY2011 Regular Value and Exempted Value

Exempt Value/Rate		$171,977	$268,533	$365,089	$461,645	$510,309	$654,757	$847,869	$1,330,649	$1,813,429	$2,296,208
$117,691	**$20.41**	**$3,509**	**$5,480**	**$7,450**	**$9,421**	**$10,414**	**$13,361**	**$17,302**	**$27,154**	**$37,006**	**$46,858**
$ Difference		($1,424)	($1,097)	($771)	($445)	($281)	$207	$859	$2,489	$4,119	$5,750
% Difference		**-28.9%**	**-16.7%**	**-9.4%**	**-4.5%**	**-2.6%**	**1.6%**	**5.2%**	**10.1%**	**12.5%**	**14.0%**

Tax Impact Using a 20% Residential Exemption Tax Rate - Not Eligible

Tax Differential Between FY2011 Regular Tax and RES Exemption Tax Rate

Exempt Value/Rate		$289,668	$386,224	$482,780	$579,336	$628,000	$772,448	$965,560	$1,448,339	$1,931,119	$2,413,899
$0	**$20.41**	**$5,911**	**$7,882**	**$9,852**	**$11,822**	**$12,815**	**$15,763**	**$19,704**	**$29,556**	**$39,408**	**$49,260**
$ Difference		$978	$1,304	$1,630	$1,956	$2,121	$2,608	$3,260	$4,891	$6,521	$8,151
% Difference		**19.8%**	**19.8%**	**19.8%**	**19.8%**	**19.8%**	**19.8%**	**19.8%**	**19.8%**	**19.8%**	**19.8%**

*There are also 15 residential properties valued at more than $2.5M; all counts exclude vacant land

IV. Tax Impact

According to the "voted percentage", for analysis purposes, our examples are assuming the maximum 20% allowable exemption percentage. The equivalent flat dollar value ($117,691) is subtracted from the assessed valuation of each qualifying property.

Table of Comparative Valuation (below) depicts two sample properties (FY 2011 assessments) valued at opposite ends of the assessment spectrum and the likely assessment scenario IF: the 20% residential exemption was adopted.

The first segment of the table shows the scenario for qualifying properties. The second segment of the table depicts the same two property value types however the homes are not owner occupied, and thus do not qualify to receive the reduction in assessed value.

Table of Comparative Valuations

Qualifying Properties with Residential Exemption		
FY 2011 Assessed Value:	400,000	1,000,000
(Minus) 20% RES Exemption:	(117,691)	(117,691)
Taxable Valuation	$282,309	$882,309
Non-qualifying Properties - **No** value **Adjustment**		
FY2011 Assessed Value:	400,000	1,000,000
20% RES Exemption (Not Applicable):	-	-
FY2011 Taxable Valuation:	$400,000	$1,000,000

One way to look at the relative impact of the tax implication is to consider the tax rate which corresponds to the exemption. Home owners with high valuations would see their tax bill increase, while homeowners with lower valuations would see their tax bill decrease. The larger the exemption, the more pronounced the effect.

***The same residential tax rate will be imposed for all residential properties whether or not they qualify for the exemption. *** In other words, if a property does not qualify for exemption it too will be subject to the increased rate!

The impact of applying taxes to the above example is demonstrated through the following assumptions.

Adopted Percentage	Corresponding Tax Rate
20%	**$20.41**

The **Expanded Table of Comparative Valuation** demonstrates tax liability for the $400,000 and $1,000,000 properties. The first scenario Part (A) depicts the actual FY 2011 tax charged. Part (B) assumes both properties meet the requisite ownership and occupancy condition; and Part (C) assumes neither property is eligible.

Expanded Table of Comparative Valuations

(A) Actual FY11 Tax - No Exemption Adopted		
1. FY 2011 Assessed Value	400,000	1,000,000
2. Residential Actual Tax Rate	17.03	17.03
3. FY 2011 Actual Tax	$6,812	$17,030

(B) Qualifying Property **with** Residential Exemption		
1. FY 2011 Assessed Value	400,000	1,000,000
2. Minus RES Exemption	(117,691)	(117,691)
3. FY 2011 New Taxable Valuation	282,309	882,309
4. 20% RES Exemption Tax Rate	20.41	20.41
5. FY 2011 Resulting Tax	5,761	18,005
6. Tax Increase (Decrease)	($1,051)	$975
(C) Non-qualifying Property - **No** value **Adustment**		
1. FY 2011 Assessed Value	400,000	1,000,000
2. 20% Exemption Not Applicable	-	-
3. FY 2011 New Taxable Valuation	400,000	1,000,000
4. 20% RES Exemption Tax Rate	20.41	20.41
5. FY 2011 Resulting Tax	8,163	20,407
6. Tax Increase	$1,351	$3,377

These examples call attention to three very different tax implications.

Part A represents the actual tax for FY11. It shows the annual tax of two assessments when a RES Exemption is not adopted.

Notably, in the second scenario (Part B), each assessment is reduced by **$117,691**. However, with a **rate** increase from **$17.03** to **$20.41**, the exempted value is not sufficient to reduce the tax of the higher assessed property. In fact, the consequences of the RES exemption produced a higher tax bill for this '*qualifying*' property.

The remaining non-qualifying properties see no value reduction. Yet they will absorb the taxes of the redistributed levy through the higher tax rate. Part C shows the additional tax shifted onto these owners.

The Tax Impact Tables on the following pages demonstrates how various ranges of value are impacted by the 20% adoption.

Residential Impact On A Single Tax Bill

FY 2011 Value/ Tax Basis	COUNT*	Actual Value	Actual Tax	Value following 20% Exemption	Res Exempt Tax	RES Qualifying Tax Change	Non Qualifying Tax	Non Qualifying Tax Increase
			$17.03	$117,691	$20.41		$20.41	
	29	200,000	3,406.00	82,309	1,679.67	(1,726.33)	4,081.36	675.36
	43	250,000	4,257.50	132,309	2,700.01	(1,557.49)	5,101.69	844.19
	206	300,000	5,109.00	182,309	3,720.34	(1,388.66)	6,122.03	1,013.03
	249	350,000	5,960.50	232,309	4,740.68	(1,219.82)	7,142.37	1,181.87
	499	400,000	6,812.00	282,309	5,761.02	(1,050.98)	8,162.71	1,350.71
	669	450,000	7,663.50	332,309	6,781.36	(882.14)	9,183.05	1,519.55
	569	500,000	8,515.00	382,309	7,801.70	(713.30)	10,203.39	1,688.39
	536	550,000	9,366.50	432,309	8,822.04	(544.46)	11,223.73	1,857.23
	516	600,000	10,218.00	482,309	9,842.38	(375.62)	12,244.07	2,026.07
Average Single Family Home Value		628,000	10,694.84	510,309	10,413.77	(281.07)	12,815.46	2,120.62
	392	650,000	11,069.50	532,309	10,862.72	(206.78)	13,264.40	2,194.90
	335	700,000	11,921.00	582,309	11,883.05	(37.94)	14,284.74	2,363.74
	319	750,000	12,772.50	632,309	12,903.39	130.89	15,305.08	2,532.58
	269	800,000	13,624.00	682,309	13,923.73	299.73	16,325.42	2,701.42
	342	900,000	15,327.00	782,309	15,964.41	637.41	18,366.10	3,039.10
	176	1,000,000	17,030.00	882,309	18,005.09	975.09	20,406.78	3,376.78
	294	1,200,000	20,436.00	1,082,309	22,086.44	1,650.44	24,488.13	4,052.13
	133	1,400,000	23,842.00	1,282,309	26,167.80	2,325.80	28,569.49	4,727.49
	39	1,600,000	27,248.00	1,482,309	30,249.15	3,001.15	32,650.84	5,402.84
	24	1,900,000	32,357.00	1,782,309	36,371.19	4,014.19	38,772.87	6,415.87
	20	2,200,000	37,466.00	2,082,309	42,493.22	5,027.22	44,894.91	7,428.91
	7	2,500,000	42,575.00	2,382,309	48,615.25	6,040.25	51,016.94	8,441.94
	15	Actual values greater than 2,5000,000						

*Counts exclude vacant land

There is a point where the exemption has no impact on the tax bill. This is known as the breakeven. The following charts illustrate the breakeven points and tax implications of the four possible exemption percentages.

Tax Impact from a Residential Exemption of 20%

Fiscal Year 2011 Value/ Tax Basis	Actual Value	Actual Tax	Value following 20% Exemption	Res Exempt Tax	Non Qualifying Tax	RES Qualifying Difference	Non Qualifying Tax Increase
		17.03	**117,691**	**20.41**	**20.41**		
	200,000	3,406.00	82,309	1,679.67	4,081.36	(1,726.33)	675.36
	250,000	4,257.50	132,309	2,700.01	5,101.69	(1,557.49)	844.19
	300,000	5,109.00	182,309	3,720.34	6,122.03	(1,388.66)	1,013.03
	350,000	5,960.50	232,309	4,740.68	7,142.37	(1,219.82)	1,181.87
	400,000	6,812.00	282,309	5,761.02	8,162.71	(1,050.98)	1,350.71
	450,000	7,663.50	332,309	6,781.36	9,183.05	(882.14)	1,519.55
	500,000	8,515.00	382,309	7,801.70	10,203.39	(713.30)	1,688.39
	550,000	9,366.50	432,309	8,822.04	11,223.73	(544.46)	1,857.23
	600,000	10,218.00	482,309	9,842.38	12,244.07	(375.62)	2,026.07
Average Single Family Value	**628,000**	**10,694.84**	**510,309**	**10,413.77**	**12,815.46**	**(281.07)**	**2,120.62**
	650,000	11,069.50	532,309	10,862.72	13,264.40	(206.78)	2,194.90
	700,000	11,921.00	582,309	11,883.05	14,284.74	(37.94)	2,363.74
Breakeven	**711,200**	**12,111.74**	**593,509**	**12,111.61**	**14,513.30**	**(0.13)**	**2,401.56**
Point	**711,300**	**12,113.44**	**593,609**	**12,113.65**	**14,515.34**	**0.21**	**2,401.90**
	750,000	12,772.50	632,309	12,903.39	15,305.08	130.89	2,532.58
	800,000	13,624.00	682,309	13,923.73	16,325.42	299.73	2,701.42
	900,000	15,327.00	782,309	15,964.41	18,366.10	637.41	3,039.10
	1,000,000	17,030.00	882,309	18,005.09	20,406.78	975.09	3,376.78
	1,200,000	20,436.00	1,082,309	22,086.44	24,488.13	1,650.44	4,052.13
	1,400,000	23,842.00	1,282,309	26,167.80	28,569.49	2,325.80	4,727.49
	1,600,000	27,248.00	1,482,309	30,249.15	32,650.84	3,001.15	5,402.84
	1,900,000	32,357.00	1,782,309	36,371.19	38,772.87	4,014.19	6,415.87
	2,200,000	37,466.00	2,082,309	42,493.22	44,894.91	5,027.22	7,428.91
	2,500,000	42,575.00	2,382,309	48,615.25	51,016.94	6,040.25	8,441.94

Tax Impact from a Residential Exemption of 15%							
Fiscal Year 2011 Value/ Tax Basis	Actual Value	Actual Tax	Value following 15% Exemption	Res Exempt Tax	Non Qualifying Tax	RES Qualifying Difference	Non Qualifying Tax Increase
		17.03	**88,268**	**19.44**	**19.44**		
	200,000	3,406.00	111,732	2,172.40	3,888.59	(1,233.60)	482.59
	250,000	4,257.50	161,732	3,144.55	4,860.74	(1,112.95)	603.24
	300,000	5,109.00	211,732	4,116.70	5,832.89	(992.30)	723.89
	350,000	5,960.50	261,732	5,088.85	6,805.04	(871.65)	844.54
	400,000	6,812.00	311,732	6,060.99	7,777.19	(751.01)	965.19
	450,000	7,663.50	361,732	7,033.14	8,749.34	(630.36)	1,085.84
	500,000	8,515.00	411,732	8,005.29	9,721.48	(509.71)	1,206.48
	550,000	9,366.50	461,732	8,977.44	10,693.63	(389.06)	1,327.13
	600,000	10,218.00	511,732	9,949.59	11,665.78	(268.41)	1,447.78
Average Single Family Value	**628,000**	**10,694.84**	**539,732**	**10,493.99**	**12,210.18**	**(200.85)**	**1,515.34**
	650,000	11,069.50	561,732	10,921.74	12,637.93	(147.76)	1,568.43
	700,000	11,921.00	611,732	11,893.89	13,610.08	(27.11)	1,689.08
Breakeven	**711,200**	**12,111.74**	**622,932**	**12,111.65**	**13,827.84**	**(0.09)**	**1,716.10**
Point	**711,300**	**12,113.44**	**623,032**	**12,113.59**	**13,829.78**	**0.15**	**1,716.34**
	750,000	12,772.50	661,732	12,866.03	14,582.23	93.53	1,809.73
	800,000	13,624.00	711,732	13,838.18	15,554.37	214.18	1,930.37
	900,000	15,327.00	811,732	15,782.48	17,498.67	455.48	2,171.67
	1,000,000	17,030.00	911,732	17,726.78	19,442.97	696.78	2,412.97
	1,200,000	20,436.00	1,111,732	21,615.37	23,331.56	1,179.37	2,895.56
	1,400,000	23,842.00	1,311,732	25,503.96	27,220.16	1,661.96	3,378.16
	1,600,000	27,248.00	1,511,732	29,392.56	31,108.75	2,144.56	3,860.75
	1,900,000	32,357.00	1,811,732	35,225.45	36,941.64	2,868.45	4,584.64
	2,200,000	37,466.00	2,111,732	41,058.34	42,774.53	3,592.34	5,308.53
	2,500,000	42,575.00	2,411,732	46,891.23	48,607.42	4,316.23	6,032.42

Tax Impact from a Residential Exemption of 10%							
Fiscal Year 2011 Value/ Tax Basis	Actual Value	Actual Tax	Value following 10% Exemption	Res Exempt Tax	Non Qualifying Tax	RES Qualifying Difference	Non Qualifying Tax Increase
		$17.03	**$58,845**	**$18.57**	**18.57**		
	200,000	3,406	141,155	2,621	3,713.22	(785.31)	307.22
	250,000	4,257	191,155	3,549	4,641.52	(708.50)	384.02
	300,000	5,109	241,155	4,477	5,569.83	(631.70)	460.83
	350,000	5,960	291,155	5,406	6,498.13	(554.89)	537.63
	400,000	6,812	341,155	6,334	7,426.44	(478.09)	614.44
	450,000	7,663	391,155	7,262	8,354.74	(401.29)	691.24
	500,000	8,515	441,155	8,191	9,283.05	(324.48)	768.05
	550,000	9,366	491,155	9,119	10,211.35	(247.68)	844.85
	600,000	10,218	541,155	10,047	11,139.66	(170.87)	921.66
Average Single Family Value	**628,000**	**10,695**	**569,155**	**10,567**	**11,659.51**	**(127.86)**	**964.67**
	650,000	11,069	591,155	10,975	12,067.96	(94.07)	998.46
	700,000	11,921	641,155	11,904	12,996.27	(17.26)	1,075.27
Breakeven	**711,200**	**12,112**	**652,355**	**12,112**	**13,204.21**	**(0.06)**	**1,092.47**
Point	**711,300**	**12,113**	**652,455**	**12,114**	**13,206.06**	**0.10**	**1,092.63**
	750,000	12,772	691,155	12,832	13,924.57	59.54	1,152.07
	800,000	13,624	741,155	13,760	14,852.88	136.35	1,228.88
	900,000	15,327	841,155	15,617	16,709.49	289.96	1,382.49
	1,000,000	17,030	941,155	17,474	18,566.10	443.57	1,536.10
	1,200,000	20,436	1,141,155	21,187	22,279.32	750.79	1,843.32
	1,400,000	23,842	1,341,155	24,900	25,992.53	1,058.01	2,150.53
	1,600,000	27,248	1,541,155	28,613	29,705.75	1,365.23	2,457.75
	1,900,000	32,357	1,841,155	34,183	35,275.58	1,826.05	2,918.58
	2,200,000	37,466	2,141,155	39,753	40,845.41	2,286.88	3,379.41
	2,500,000	42,575	2,441,155	45,323	46,415.24	2,747.71	3,840.24

Tax Impact from a Residential Exemption of 5%							
Fiscal Year 2011 Value/ Tax Basis	Actual Value	Actual Tax	Value following 5% Exemption	Res Exempt Tax	Non Qualifying Tax	RES Qualifying Difference	Non Qualifying Tax Increase
		$17.03	**$29,423**	**$17.76**	**17.76**		
	200,000	3,406	170,577	3,030	3,552.98	(375.71)	146.98
	250,000	4,257	220,577	3,919	4,441.23	(338.97)	183.73
	300,000	5,109	270,577	4,807	5,329.47	(302.22)	220.47
	350,000	5,960	320,577	5,695	6,217.72	(265.47)	257.22
	400,000	6,812	370,577	6,583	7,105.96	(228.73)	293.96
	450,000	7,663	420,577	7,472	7,994.21	(191.98)	330.71
	500,000	8,515	470,577	8,360	8,882.45	(155.24)	367.45
	550,000	9,366	520,577	9,248	9,770.70	(118.49)	404.20
	600,000	10,218	570,577	10,136	10,658.94	(81.75)	440.94
Average Single Family Value	**628,000**	**10,695**	**598,577**	**10,634**	**11,156.36**	**(61.17)**	**461.52**
	650,000	11,069	620,577	11,024	11,547.19	(45.00)	477.69
	700,000	11,921	670,577	11,913	12,435.43	(8.26)	514.43
Breakeven	**711,200**	**12,112**	**681,777**	**12,112**	**12,634.40**	**(0.03)**	**522.66**
Point	**711,300**	**12,113**	**681,877**	**12,113**	**12,636.18**	**0.05**	**522.74**
	750,000	12,772	720,577	12,801	13,323.68	28.49	551.18
	800,000	13,624	770,577	13,689	14,211.92	65.23	587.92
	900,000	15,327	870,577	15,466	15,988.41	138.72	661.41
	1,000,000	17,030	970,577	17,242	17,764.90	212.21	734.90
	1,200,000	20,436	1,170,577	20,795	21,317.88	359.19	881.89
	1,400,000	23,842	1,370,577	24,348	24,870.87	506.17	1,028.87
	1,600,000	27,248	1,570,577	27,901	28,423.85	653.16	1,175.85
	1,900,000	32,357	1,870,577	33,231	33,753.32	873.63	1,396.32
	2,200,000	37,466	2,170,577	38,560	39,082.79	1,094.10	1,616.79
	2,500,000	42,575	2,470,577	43,890	44,412.26	1,314.57	1,837.26

Rescission of the Exemption

Once a Residential Exemption is implemented, rescinding it can have serious consequences on some properties. Assuming no change to levy or assessments, properties with the lowest assessment would see their tax bill double. Homes above the breakeven point could see as much as 12.4% reduction.

Rescinding the Residential Exemption on Qualifying Properties						
	Previous Year Exempted		Rescinded Exemption		Impact	
	Taxable Value	Tax	Taxable Value	Tax	Tax Change	
		20.41		**17.03**	**17.03**	
	82,309	1,679.67	200,000	3,406.00	1,726.33	**102.8%**
	132,309	2,700.01	250,000	4,257.50	1,557.49	**57.7%**
	182,309	3,720.34	300,000	5,109.00	1,388.66	**37.3%**
	232,309	4,740.68	350,000	5,960.50	1,219.82	**25.7%**
	282,309	5,761.02	400,000	6,812.00	1,050.98	**18.2%**
	332,309	6,781.36	450,000	7,663.50	882.14	**13.0%**
	382,309	7,801.70	500,000	8,515.00	713.30	**9.1%**
	432,309	8,822.04	550,000	9,366.50	544.46	**6.2%**
	482,309	9,842.38	600,000	10,218.00	375.62	**3.8%**
Average SFD	**510,309**	**10,413.77**	**628,000**	**10,694.84**	**281.07**	**2.7%**
	532,309	10,862.72	650,000	11,069.50	206.78	**1.9%**
	582,309	11,883.05	700,000	11,921.00	37.94	**0.3%**
Breakeven	**593,509**	**12,111.61**	**711,200**	**12,111.74**	**0.13**	**0.0%**
	593,609	**12,113.65**	**711,300**	**12,113.44**	**(0.21)**	**0.0%**
	632,309	12,903.39	750,000	12,772.50	**(130.89)**	**-1.0%**
	682,309	13,923.73	800,000	13,624.00	**(299.73)**	**-2.2%**
	782,309	15,964.41	900,000	15,327.00	**(637.41)**	**-4.0%**
	882,309	18,005.09	1,000,000	17,030.00	**(975.09)**	**-5.4%**
	1,082,309	22,086.44	1,200,000	20,436.00	**(1,650.44)**	**-7.5%**
	1,282,309	26,167.80	1,400,000	23,842.00	**(2,325.80)**	**-8.9%**
	1,482,309	30,249.15	1,600,000	27,248.00	**(3,001.15)**	**-9.9%**
	1,782,309	36,371.19	1,900,000	32,357.00	**(4,014.19)**	**-11.0%**
	2,382,309	48,615.25	2,500,000	42,575.00	**(6,040.25)**	**-12.4%**

Properties that had not qualified in the previous year would see a 16.5% reduction in their tax bill. As indicated this reduction would be redistributed to the previous beneficiaries of the exemption.

Rescinding the Residential Exemption on Non-Qualifying Properties					
	Previous Year Exempted		Rescinded Exemption		Impact
	Taxable Value	Tax	Taxable Value	Tax	Tax Change
		20.41		**17.03**	**17.03**
	200,000	4,081.36	200,000	3,406.00	**(675.36)**
	250,000	5,101.69	250,000	4,257.50	**(844.19)**
	300,000	6,122.03	300,000	5,109.00	**(1,013.03)**
	350,000	7,142.37	350,000	5,960.50	**(1,181.87)**
	400,000	8,162.71	400,000	6,812.00	**(1,350.71)**
	450,000	9,183.05	450,000	7,663.50	**(1,519.55)**
	500,000	10,203.39	500,000	8,515.00	**(1,688.39)**
	550,000	11,223.73	550,000	9,366.50	**(1,857.23)**
	600,000	12,244.07	600,000	10,218.00	**(2,026.07)**
Average SFD	**628,000**	**12,815.46**	**628,000**	**10,694.84**	**(2,120.62)**
	650,000	13,264.40	650,000	11,069.50	**(2,194.90)**
	700,000	14,284.74	700,000	11,921.00	**(2,363.74)**
Breakeven	**711,200**	**14,513.30**	**711,200**	**12,111.74**	**(2,401.56)**
	711,300	**14,515.34**	**711,300**	**12,113.44**	**(2,401.90)**
	750,000	15,305.08	750,000	12,772.50	**(2,532.58)**
	800,000	16,325.42	800,000	13,624.00	**(2,701.42)**
	900,000	18,366.10	900,000	15,327.00	**(3,039.10)**
	1,000,000	20,406.78	1,000,000	17,030.00	**(3,376.78)**
	1,200,000	24,488.13	1,200,000	20,436.00	**(4,052.13)**
	1,400,000	28,569.49	1,400,000	23,842.00	**(4,727.49)**
	1,600,000	32,650.84	1,600,000	27,248.00	**(5,402.84)**
	1,900,000	38,772.87	1,900,000	32,357.00	**(6,415.87)**
	2,500,000	51,016.94	2,500,000	42,575.00	**(8,441.94)**

See pages 46-47 for a discussion of Weymouth and Marlborough experiences in rescinding a Residential Exemption.

Market Value Changes

Each year sales are analyzed and assessments are raised or lowered to meet the standards set forth in the Sudbury Decision. The sales are stratified by use, style, location and quality among many other observations. A computerized model is then updated from the conclusions within each set. While many properties experience similar changes, there are always variables which produce higher or lower valuations results in some groups. All properties may not see an equal assessment change in a future tax year.

For example, let's examine the following chart with these assumptions. High and low assessments remained the same. Properties between $500,000 and $1,000,000 were lowered by 5% to meet market value. The levy did not change, yet the total taxable value dropped by 2.7%, and the tax rate increased by 2.8% to offset the loss. While mid-range properties experienced the greatest percentage of decrease, all other residential properties absorbed the cost.

Impact of Fluctuating Assessments on Qualifying Properties						
	Previous Year		Updated Assessment		Impact	
	Taxable Value*	Tax	Taxable Value*	Tax	Tax Change	
		20.41		**20.98**		
	82,309	1,679.67	85,499	1,793.38	113.71	**6.8%**
	132,309	2,700.01	135,499	2,842.15	142.14	**5.3%**
	182,309	3,720.34	185,499	3,890.91	170.57	**4.6%**
	232,309	4,740.68	235,499	4,939.68	199.00	**4.2%**
	282,309	5,761.02	285,499	5,988.45	227.42	**3.9%**
	332,309	6,781.36	335,499	7,037.21	255.85	**3.8%**
	382,309	7,801.70	360,499	7,561.60	(240.10)	**-3.1%**
	432,309	8,822.04	407,999	8,557.93	(264.11)	**-3.0%**
	482,309	9,842.38	455,499	9,554.25	(288.12)	**-2.9%**
Average SFD	**510,309**	**10,413.77**	**482,099**	**10,112.20**	**(301.57)**	**-2.9%**
	532,309	10,862.72	502,999	10,550.58	(312.13)	**-2.9%**
	582,309	11,883.05	550,499	11,546.91	(336.14)	**-2.8%**
Original	**593,509**	**12,111.61**	**561,139**	**11,770.09**	**(341.52)**	**-2.8%**
Breakeven	**593,609**	**12,113.65**	**561,234**	**11,772.08**	**(341.57)**	**-2.8%**
	632,309	12,903.39	597,999	12,543.24	(360.15)	**-2.8%**
	682,309	13,923.73	645,499	13,539.57	(384.17)	**-2.8%**
	782,309	15,964.41	740,499	15,532.22	(432.19)	**-2.7%**
	882,309	18,005.09	835,499	17,524.88	(480.21)	**-2.7%**
	1,082,309	22,086.44	1,025,499	21,510.20	(576.25)	**-2.6%**
	1,282,309	26,167.80	1,285,499	26,963.78	795.98	**3.0%**
	1,482,309	30,249.15	1,485,499	31,158.85	909.70	**3.0%**
	1,782,309	36,371.19	1,785,499	37,451.45	1,080.27	**3.0%**
	2,082,309	42,493.22	2,085,499	43,744.05	1,250.83	**2.9%**
	2,382,309	48,615.25	2,385,499	50,036.65	1,421.40	**2.9%**

*After 20% Exemption

Impact on the Real Estate Market

The Assessors' Office is in contact with appraisers, developers and real estate agents on a regular basis. Of major concern is the deterioration of Sudbury market prices, lower demand for high-end construction and property taxes.

Residential property taxes do in fact, influence property sales in Sudbury. The Assessor's Office staff has experienced an increase in the number of inquiries on the subject of escalating property taxes in light of the current economic situation. The inquiries are concerning as many high end properties as lower end ones.

Some consumers (potential purchasers as well as recent buyers) express their reluctance about relocating to Sudbury solely on the basis of high property taxes. While there may be “good deals to be had” in the real estate market in terms of short sales, foreclosures and the like, they do not accurately depict the “Fair Market” property values. Foreclosures and short sales are not eligible to be used in our property valuation sales analysis. Developers have had to sit on their high end inventory, and in numerous instances were compelled to dramatically reduce their asking prices. Sudbury saw a dramatic decrease in high end residential sale activity from 2009 on. High end properties having experienced the down market would be facing significant tax increases resulting in the implementation of a Residential Exemption.

With the current economy, the impact of the exemption at this time could be another deterrent for purchasing high-end construction in Sudbury.

V. Current Senior Exemption and Deferrals

Currently seniors over the age of 60 receiving tax relief make up roughly 5% of the test population.

There are programs for the legally blind, disabled veterans, surviving spouses, as well as income /asset based programs. Many of the applicants receiving personal exemption relief under Chapter 59 §5 also qualify for and receive community surcharge relief. An additional group of seniors participate in the Town Senior Work Program.

The Town of Sudbury last year granted $159,000 in tax relief under Chapter 59 §5 *exemption* programs. Additionally $37,000 in Community Preservation funds were processed as exemptions.

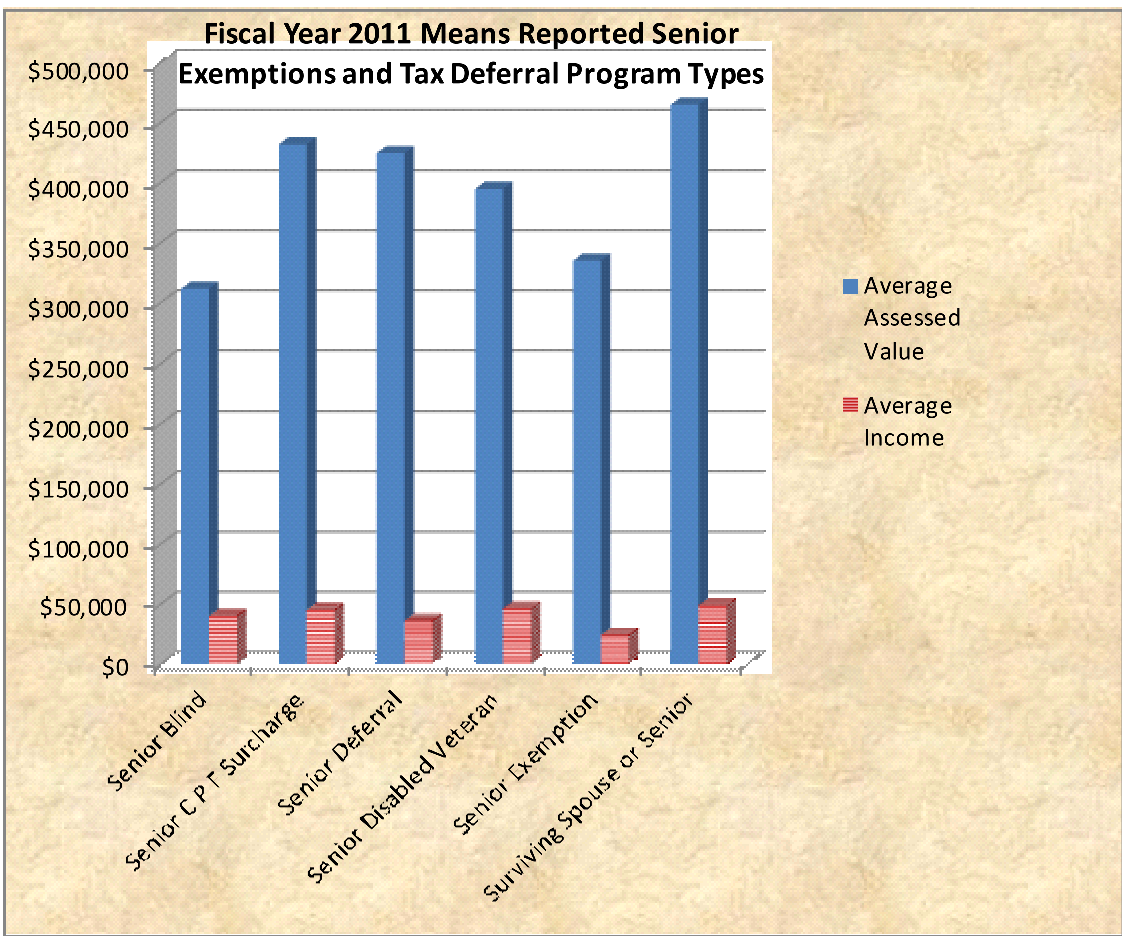
Tax relief from the deferral program is not included in the $159,000 figure. Deferred taxes are not exempt and are subject to payback with interest. The Town has seen a renewed interest in its popular Senior Tax Deferral Program. With the enactment of two home rule petitions, which provide less restrictive qualifications, there has been a significant increase in deferral accounts. In fiscal year 2003, the town held deferral on twelve (12) tax bills. These broader requirements have been in effect since fiscal 2004. Fiscal Year 2011 resulted in 74 Senior Tax Deferral applications.

The table and graph on the following page illustrate actual FY 2011 exemption and deferral data. They detail the average of income to assessment for each program type and indicate the average age within each set.

Actual assessments for each group range from the low of $214,000 to the high of $941,200. The ages shown range from 61 to 96 for this senior population.

Note the program type identified as Senior Exemption requires applicants to be at least 65 years of age and of restricted financial means.

Type	Count	Average Assessed Value	Average Income	Average Age	Average Household Size
Senior Blind	1	311,800	40,284	85.0	2.0
Senior C P F Surcharge	76	431,965	45,359	78.1	1.6
Senior Deferral	75	424,591	36,155	77.8	1.6
Senior Disabled Veteran	14	394,957	46,467	77.9	1.4
Senior Exemption	16	335,125	24,431	81.0	1.3
Surviving Spouse or Senior	5	464,980	49,040	78.0	1.8



The average household size seniors receiving assistance: 1.55
The average age for exemption/deferral seniors: 78
The average income level is $40,031.

While averages provide meaningful statistics, it must also be considered that approximately 3.2% of our need based applicants live in homes assessed over the break-even valuation. Consequently, if the 20% exemption were to be adopted, their tax liability would be significantly greater.

Tax Impact on Exemption Recipients

Fiscal Year 2011 Value/ Tax Basis	Parcels with Other Tax Relief	Actual Value	Actual Tax	Value following 20% Exemption	Res Exempt Tax	Non Qualifying Tax	RES Qualifying Difference	Non Qualifying Tax Increase	
			17.03	**117,691**	**20.41**	**20.41**			
	0	200,000	3,406.00	82,309	1,679.67	4,081.36	(1,726.33)	675.36	
	5	250,000	4,257.50	132,309	2,700.01	5,101.69	(1,557.49)	844.19	
	32	300,000	5,109.00	182,309	3,720.34	6,122.03	(1,388.66)	1,013.03	
	26	350,000	5,960.50	232,309	4,740.68	7,142.37	(1,219.82)	1,181.87	
	27	400,000	6,812.00	282,309	5,761.02	8,162.71	(1,050.98)	1,350.71	
	36	450,000	7,663.50	332,309	6,781.36	9,183.05	(882.14)	1,519.55	
	22	500,000	8,515.00	382,309	7,801.70	10,203.39	(713.30)	1,688.39	181
	13	550,000	9,366.50	432,309	8,822.04	11,223.73	(544.46)	1,857.23	
	5	600,000	10,218.00	482,309	9,842.38	12,244.07	(375.62)	2,026.07	
Average Single Family Value		**628,000**	**10,694.84**	**510,309**	**10,413.77**	**12,815.46**	**(281.07)**	**2,120.62**	
	9	650,000	11,069.50	532,309	10,862.72	13,264.40	(206.78)	2,194.90	
	6	700,000	11,921.00	582,309	11,883.05	14,284.74	(37.94)	2,363.74	
Breakeven		**711,200**	**12,111.74**	**593,509**	**12,111.61**	**14,513.30**	**(0.13)**	**2,401.56**	
Point		**711,300**	**12,113.44**	**593,609**	**12,113.65**	**14,515.34**	**0.21**	**2,401.90**	
	2	750,000	12,772.50	632,309	12,903.39	15,305.08	130.89	2,532.58	
	2	800,000	13,624.00	682,309	13,923.73	16,325.42	299.73	2,701.42	
	1	900,000	15,327.00	782,309	15,964.41	18,366.10	637.41	3,039.10	6
	1	1,000,000	17,030.00	882,309	18,005.09	20,406.78	975.09	3,376.78	
	0	1,200,000	20,436.00	1,082,309	22,086.44	24,488.13	1,650.44	4,052.13	
	187								

Minimum Tax and Assessments

The majority of personal exemptions that qualifying applicants currently receive should not be greatly impacted with the adoption of the property exemption. That is with one exception; properties valued at the very low end of the assessment spectrum.

Chapter 59 §5C (Residential Exemption) allows for the exemption to be in addition to other exemptions allowable under section five; provided, however, that in no instance shall the taxable valuation of such property after all applicable exemptions be reduced below ten percent of its full and fair cash valuation.

The following table identifies the minimum assessment required to generate a tax of at least ten percent of the total due when a 20% residential exemption is applied. Beyond the minimum tax of $266.85, where the personal exemption could not be utilized, some portion would be lost until the total adjusted tax supported minimum due and personal exemption granted.

Minimum Assessment/Tax		
Minimum Actual Assessment/Tax	130,767	2,668.54
Residential Exemption Value/Tax	117,691	2,401.69
10% Minimum (Adjusted) Assessment/Tax	13,077	266.85

The full assessment must be at least 11.1% greater than the exemption amount

Personal Exemption Tax Loss				
			To Realize Full Value of All Exemptions	
Personal Exemption	Minimum Tax Before Personal Exmption	Personal Tax Exemption	Minimum Tax Required	Minimum Actual AV Required
None	266.85	0	266.85	130,767
Veteran	266.85	400.00	666.85	150,369
Blind	266.85	500.00	766.85	155,269
Senior	266.85	1,000.00	1,266.85	179,771

It should be noted that as the required tax increases to allow for a personal exemption, so must the assessment upon which it is raised. Thus a higher value results in a higher minimum tax due.

Municipal Relief Act of 2010

Chapter 188 of the Acts of 2010 provides local options to Chapter 59, Section 5 which cities and towns may adopt. Many of the changes provide additional relief to the current allowances available under, §§ 40-42. Also, there is a provision to increase the maximum benefit under the current Senior Work program Chapter 59 §43**.** In addition, there are two new exemptions. Clause 56 allows assessors to exempt up to 100 percent of the real and personal property taxes assessed to Massachusetts national guardsmen and reservists for any fiscal year they are deployed overseas

Clause 57 allows assessors to grant exemptions to seniors who qualify for the state circuit breaker income tax credit for their domicile. Exemptions would be up to the amount of the credit, but are subject to annual appropriation. This is an interesting option, which the Town of Wayland adopted via home rule petition in 2000. The Town of Wayland averages approximately 150 circuit breaker applications for exemption annually.

The State does not provide reimbursement for any of the local options. While all the available options have great merit and will benefit certain segments of the population, the cost of adoption will be funded solely by the community

Circuit Breaker

Homeowners and renters age 65 and older who met income requirements and the assessment cap of $793,000 were eligible for a tax credit up to $930. The State provided a credit to those whose property tax exceeded 10% of their 2009 gross income. It is important to note however; this benefit may be jeopardized by the adoption of a residential exemption.

An otherwise qualifying senior whose tax bill is reduced through the RES Exemption may no longer meet the 10% income criteria. Applying Wayland's statistics, at least 150 senior households would fit into this category. Calculating 150 (homes) times $930 shifts $139,500 from the State coffers to Sudbury's local citizenry.

Impact on the Community Preservation Program:

The CPA fund allocations should not vary dramatically in terms of total collections. What will change however, are the surcharge amounts applied to individual tax bills. The qualifying Class I properties will initially receive the valuation reduction allowable pursuant to the Residential Exemption, in addition to the automatic $100,000 CPF exemption. The end result being a lessened surcharge on the lower end properties, and a heightened surcharge on the higher end as well as non-qualifying properties.

Local Tax Initiatives

Circuit Breaker – Tax Credit

In 1997, the Senior Tax Relief Committee was formed. Their studies had shown a disproportionate share of income went to property taxes, as seniors aged. They also considered the constraints of Proposition 2.5 and recognized that the cost of proposing local legislation would be born by the town. The goal of this committee was twofold: 1) provide relief to seniors of low and moderate income when property taxes exceeded ten percent of their income; 2) for the State to fund the program. This task force spearheaded the circuit breaker tax legislation, when it enlisted the aid of Councils on Aging to bus their seniors, enmasse, to the State House. With baskets of petitions and letters in hand, they asked their Legislators to support its passage. Senator Birmingham drafted the bill as proposed by Sudbury's committee and it was passed into law.

PTERC

In 2002, the Annual Town Meeting further addressed preferential tax treatment for seniors. Article 54, was a home rule petition which targeted seniors age 60 and older to receive a residential exemption. At the State level, the bill never left Local Ways and Means. Along with other concerns, there was no means test to determine need. Neither the Board of Selectmen nor the Board of Assessors favored the petition as written.

Selectmen, in turn, established a committee to research of local taxation on seniors. Known as PTERC, the Property Tax Equity Review Committee performed a comprehensive study of the subject. In its findings, the report stated, *"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."*[3]

Special Acts

Once again, Sudbury's common sense approach to taxation became the model for amendments to Chapter 59, §5, clause 41A – Deferrals. Through its home rule petition, Chapter 320 of the Acts of 2002 allowed preferential qualifications for the Town's senior tax deferral program. It reduced the age requirement from 65 to 60; the interest rate from 8% to an annual amount not to exceed 8% and increased the income allowance from $40,000 to 60,000. The State has modeled its new local options on Sudbury's Special Act.

With the creation of the Sudbury Tax Deferral Committee, an amendment to Chapter 320 of the Acts of 2002 was brought to the State. An important change allowed Sudbury to use the same incomes as those established in Circuit Breaker bill. Applicants can now rely on income limits to match those established for

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[3] Report to the selectmen from the Property Tax Equity Review Committee, December 11, 2003; Attachment E-Page 1; Para; 1.

qualifying married couples filing jointly according to the Circuit Breaker Income Tax Credit Program. The increased income levels per Chapter 458 of the Acts of 2008 have provided eligibility to a significantly larger senior base.

Senior Property Tax Exemption

At a Special Town Meeting held in January, 2011, Sudbury approved Article 2, which is a Home Rule Petition structured similar to one implemented in Hamilton, Massachusetts. It would provide a reduction in assessment for certain seniors over the age of sixty, whose primary residence is in Sudbury. The reduction would be calculated in a similar manner as the Residential Exemption, but is limited to approximately 200 applicants. The bill is currently numbered H3435 and assigned to the Joint Committee on Revenue (see Appendix G). At this time there has been at least one hearing by the committee.

VI. Community Profiles

Fiscal Year 2011 Average Single Family Tax Bills
Neighboring Communities

Community	Fiscal 2011Tax	
Sudbury	$10,695	
Hudson	$4,280	*
Marlborough	$4,224	*
Framingham	$5,197	*
Maynard	$5,517	*
Natick	$5,561	
Stow	$7,310	*
Needham	$7,719	
Acton	$9,049	
Concord	$11,074	*
Wellesley	$11,281	
Wayland	$11,471	*
Lincoln	$12,378	*
Sherborn	$13,119	
Weston	$15,835	
State Average	$4,537	

*Located as a Direct Abutter to Sudbury

Note:

- *Sudbury's average tax ranks between the averages in Acton and Concord.*
- *It rates the ninth highest in the State.*

Sudbury Profile

The Commonwealth of Mass. Division of Local Services periodically publishes a profile of each community in the Commonwealth. Included herewith is the latest "At a Glance Report" for Sudbury. The report provides useful demographic information. We have included a map of Sudbury's abutting communities illustrating FY2011 average single family tax bills. There is no average single family tax bill information available for the 13 residential exemption communities. The Division of Local Services does not collect enough information to calculate an average single-family tax bill for those municipalities.

Massachusetts Department of Revenue, Division of Local Services *Page 1*

At A Glance Report for Sudbury

Socioeconomic

County	Middlesex
School Structure	K-08
Form of Government	Town Manager Selectmen Open Town Meeting
2010 Population	17,659
2011 Labor Force	8,575
2011 Unemployment Rate	4.9
1999 Per Capita Income	53,285
2009 Population Per Square Mile	726.88
2009 Housing Units Per Square Mile	229.38
2009 Road Miles	145.56
EQV Per Capita (2010 EQV/2009 Population)	240,264
Number of Registered Vehicles (January 2010)	19,386
Average Age of Vehicles (January 2010)	8.37
2010 Number of Registered Voters	12,033

Certification

Most Recent	2010
Next Scheduled	2013

Bond Ratings

Moody's Bond Rating as of December 2010*	Aa1
S & P Bond Rating as of December 2010*	AAA

*Blank indicates the community has not been rated by the bond agency.

Fiscal Year 2011 Estimated Cherry Sheet Aid

Education Aid	4,268,355
General Government	1,269,331
Total Receipts	**5,537,686**
Total Assessments	216,056
Net State Aid	**5,321,630**

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Massachusetts Department of Revenue, Division of Local Services *Page 2*

At A Glance Report for Sudbury

Fiscal Year 2011 Tax Classification

Tax Classification	Assessed Values	Tax Levy	Tax Rate
Residential	3,599,570,656	61,300,688	17.03
Open Space	0	0	0.00
Commercial	145,535,412	3,241,074	22.27
Industrial	60,872,200	1,355,624	22.27
Personal Property	68,303,560	1,521,120	22.27
Total	**3,874,281,828**	**67,418,506**	

Fiscal Year 2011 Revenues by Source

Revenue Source		Percent of Total
Tax Levy	67,418,506	81.92
State Aid	7,240,283	8.80
Local Receipts	7,209,052	8.76
Other Available	429,089	0.52
Total	**82,296,930**	

Fiscal Year 2011 Proposition 2½ Levy Capacity

New Growth	440,537
Override	0
Debt Exclusion	4,709,298
Levy Limit	67,439,295
Excess Capacity	**20,789**
Ceiling	96,857,046
Override Capacity	**34,127,049**

Other Available Funds

7/1/2010 Free Cash	FY2010 Stabilization Fund	FY2011 Overlay Reserve
249,418	1,910,114	428,876

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At A Glance Report for Sudbury

Fiscal Year 2011 Average Single Family Tax Bill**

Number of Single Family Parcels	5,392
Assessed Value of Single Family	627,988
Average Single Family Tax Bill	**10,695**

State Average Single Family Tax Bill

Fiscal Year 2008	4,110
Fiscal Year 2009	4,250
Fiscal Year 2010	4,390

Sudbury issues property tax bills Quarterly.

**For the communities granting residential exemptions, DLS does not collect enough information to calculate an average single-family tax bill. In FY11 those communities are Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Somerville, Somerset, Tisbury, Waltham and Watertown. Therefore, the average single-family tax bill information in this report will be blank.

Fiscal Year 2010 Schedule A – Actual Revenues and Expenditures

	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
Revenues	**75,388,837**	**8,177,350**	**1,684,924**	**953,075**	**8,437,658**	**94,641,844**
Expenditures	**67,995,534**	**6,609,614**	**1,199,074**	**825,919**	**9,003,378**	**85,633,519**
Police	2,506,339	0	0	0	0	**2,506,339**
Fire	2,959,782	0	0	0	0	**2,959,782**
Education	46,795,975	3,942,223	0	0	0	**50,738,198**
Public Works	3,093,214	0	759,726	0	0	**3,852,940**
General Fund Debt Service	4,261,604					**4,261,604**
Health Ins	0					**0**
Pension	2,717,879					**2,717,879**
All Other	5,660,741	2,667,391	439,348	825,919	9,003,378	**18,596,777**

This data only represents the revenues and expenditures occurring in these funds and does **not** reflect any transfers to or from other funds. Therefore, this data should not be used to calculate an ending fund balance.

Total Revenues and Expenditures Per Capita

	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
Revenues	4,269.1	463.1	95.4	54.0	477.8	5,359.4
Expenditures	3,850.5	374.3	67.9	46.8	509.8	4,849.3

If you have questions regarding the data contained in this report, please contact the Municipal Databank/Local Aid Section at (617) 626-2384 or databank@dor.state.ma.us.

Click here to see if the Division of Local Services' Technical Assistance Section has conducted a financial management review or other analysis in Sudbury.

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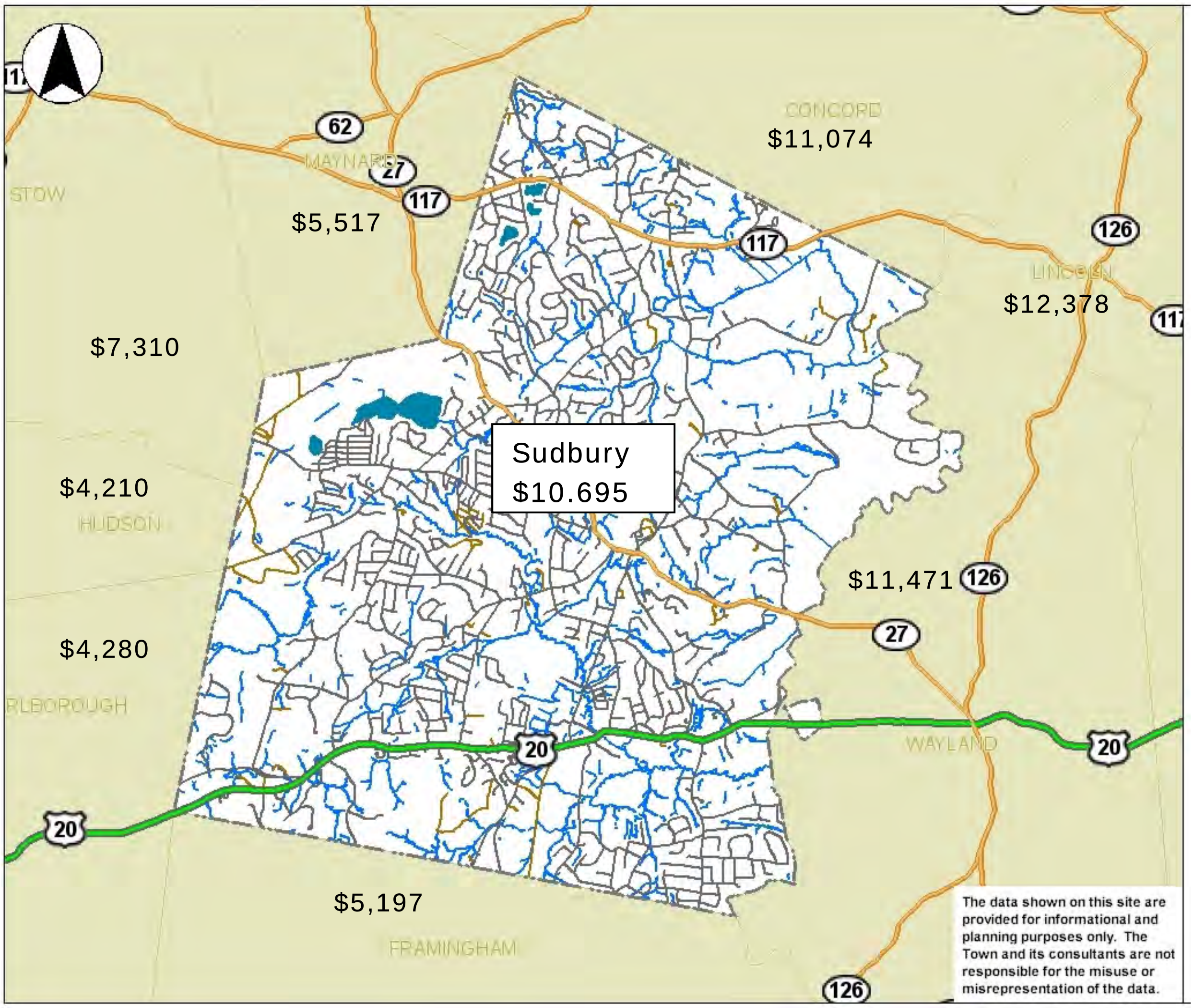
Fiscal Year 2011 Average Single Family Tax Bills for Abutting Communities



Community Comments

Assessor Offices from surrounding communities were asked why their towns did not adopt the exemption. Bedford cited administration issues and tax inequity. Acton spoke of the difficulty of redistributing taxes from recipients if the town changes its position. Concord struggles with this issue at their Classification Hearings, but consider it a blunt instrument for reducing tax burdens. All respondents commented that their community did not fit the profile for which the legislation was intended.

Communities with a Residential Exemption Program in place were also contacted for the overall effect and impact of the Program. The towns of Barnstable and Tisbury responded. Excerpts from their observations are incorporated in the Administrative Considerations section of the report.

Cities and Towns with the Residential Exemption

Thirteen out of 351 Massachusetts Communities have a Residential Exemption Program in place. Sudbury's demographic profile differs from the community types currently utilizing the adoption. Cities and seasonal or resort communities characterize the areas currently employing a Residential Exemption Program.

The majority of Sudbury's Class I (residential) properties are owner occupied homes; thus, a very limited inventory of non-owner occupied homes on which to shift the tax burden.

The Town of Tisbury has many seasonal homes, and a small proportion of year round residents; therefore the exemption in this community shifts the burden to the seasonal properties

The Town of Somerset has two power plants, which basically support the tax base. The exemption is used to further lower property taxes for those living in the community with the plants.

The cities having adopted the exemption have a large number of apartments. The tax increase on the apartment buildings offset the taxes on the fewer single family homes.

The Town of Weymouth and the city of Marlborough are the only municipalities to date which have made the decision to adopt the exemption and then reverse it a few years later. In Weymouth, the Program was in place from 1982 to 1986. It was a difficult undertaking to reverse it. Once the tax shift is in place there is an assumption (dependence) on maintaining or not significantly changing it.

The City of Marlborough did not vote a residential exemption in fiscal 2011. For many years they have incrementally reduced the percentage from a high of 13%. In fiscal 2010 the exemption was down to 3%. By fiscal 2011, the Mayor decided it was time to end the program. According to Daniel Brogie, Senior Assessor in Marlborough, they decided against the exemption as a matter of fairness. Contrary to what many in his community thought, the exemption was not simply a reduction taxes; it was a redistribution of the tax burden from one citizen to another. The city has no intention of adopting the exemption again.

Nantucket utilizes an open space tax rate, as well as a CIP rate and residential rate. Somerset has adopted a 10% small commercial exemption in addition the RES exemption.

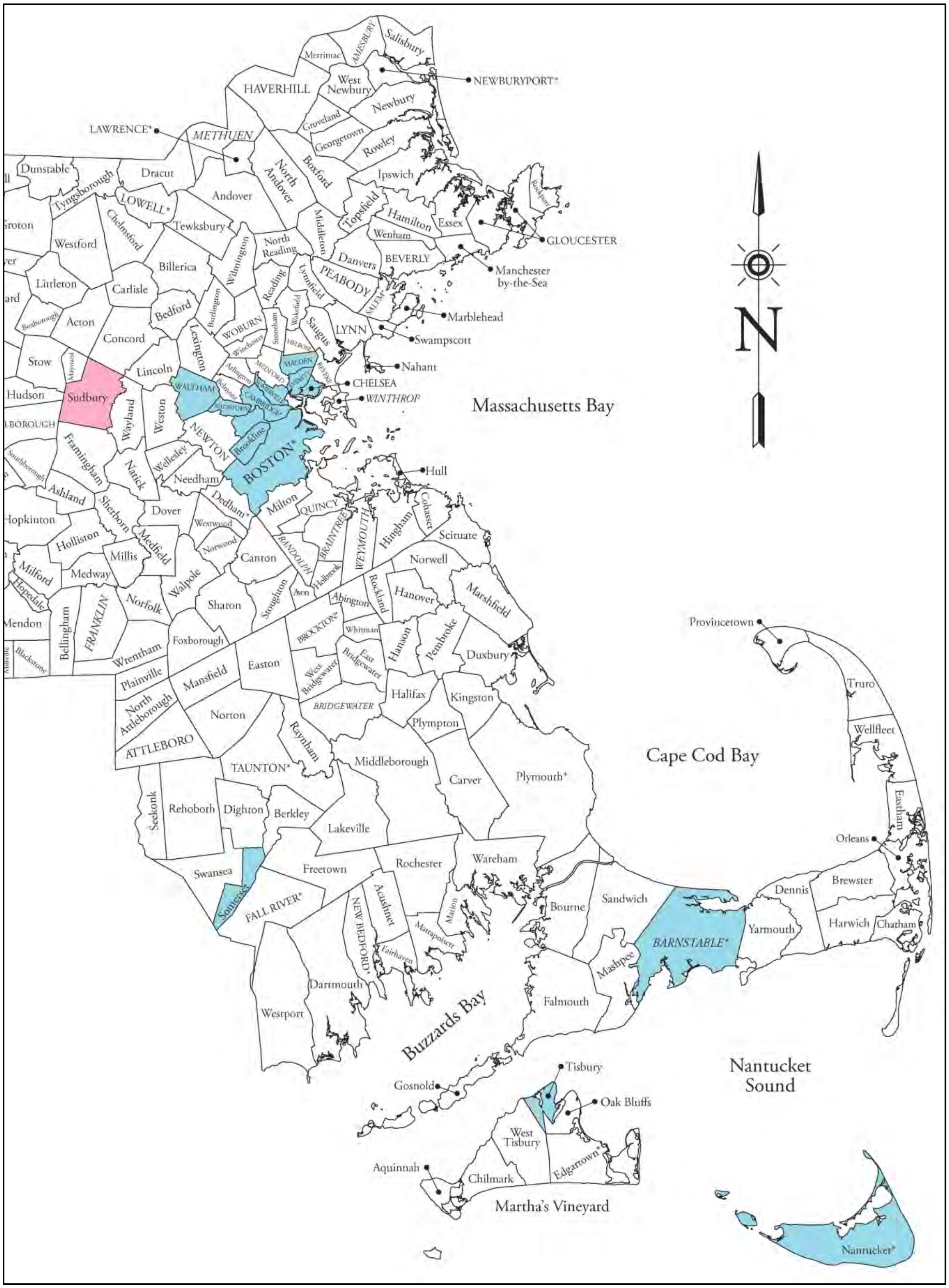
Comparison of Sudbury to the 13* Residential Exemption Communities

Municipality	FY11 Total Value	Residential & Open Space % of Total Value	CIP % of Total Value	Residential Factor Selected	CIP Shift	RES Exemption Granted
SUDBURY	**3,874,281,828**	**93**	**7**	**0.9786**	**1.28**	**0%**
SOMERSET	2,422,775,510	69	31	0.6705	1.75	10%
BARNSTABLE	12,987,343,865	88	12	1.0000	1.00	20%
BROOKLINE	14,926,437,080	91	9	0.9259	1.73	20%
CHELSEA	2,101,605,425	68	32	0.6519	1.75	20%
EVERETT	3,276,697,828	64	36	0.5702	1.75	20%
MALDEN	4,794,940,046	85	15	0.8718	1.75	20%
NANTUCKET	17,208,429,905	92	8	0.9344	1.75	20%
TISBURY	2,558,966,837	88	12	0.9589	1.30	20%
WALTHAM	8,392,975,774	67	33	0.6332	1.75	20%
WATERTOWN	4,893,342,875	81	19	0.8193	1.75	20%
BOSTON	86,800,582,862	65	35	0.5991	1.75	30%
CAMBRIDGE	24,162,077,598	61	39	0.5633	1.69	30%
SOMERVILLE	8,297,876,320	85	15	0.8644	1.75	30%

**Note: Change from last year's report - Marlborough previously used the Exemption but phased it out by FY11 (see discussion on previous page).*

The map on the following page shows the location of the Residential Exemption Communities relative to Sudbury.

13 Residential Exemption Communities and Sudbury



Census 2000 Demographic Profile Highlights **SUDBURY**			
General Characteristics	Number	Percent	U.S.
Total population	16,845		
Male	8,225	48.8	49.10%
Female	8,620	51.2	50.90%
Median age	38.8	(X)	35.3
Under 5 years	1,489	8.8	6.80%
18 years and over	11,367	67.5	74.30%
65 years and over	1,653	9.8	12.40%
Household population	16,651	98.8	97.20%
Group quarters population	194	1.2	2.80%
Average household size	3.02	(X)	2.59
Average family size	3.28	(X)	3.14
Total housing units	5,591		
Occupied housing units	5,505	98.5	91.00%
Owner-occupied housing units	5,077	92.2	66.20%
Renter-occupied housing units	428	7.8	33.80%
Vacant housing units	86	1.5	9.00%
Population 25 years and over	10,824		
High school graduate or higher	10,426	96.3	80.40%
Disability status (population 5 years and over)	1,503	9.9	19.30%
Median household income in 1999 (dollars)	118579	(X)	41994
Families below poverty level	102	2.1	9.20%
Individuals below poverty level	466	2.8	12.40%
Single-family owner-occupied homes	4,813		
Median value (dollars)	422,400	(X)	119,600

Comparative Demographics						
Median / Average Demographics By Community Type						
Residential Exemption Coastal Communities Characteristics	Median	Average	Sudbury Actual	Average	Median	Residential Exemption Cities Characteristics
Total population	18,234	10,995	16,845	56,724	108,301	Total population
Male	8,635	5,197	8,225	26,477	52,201	Male
Female	9,599	5,798	8,620	29,625	56,100	Female
Median age	43	43	38.8	34	34	Median age
Under 5 years	791	489	1,489	2,812	5,756	Under 5 years
18 years and over	14,516	8,732	11,367	46,353	88,070	18 years and over
65 years and over	3,835	2,254	1,653	7,442	12,063	65 years and over
Household Population	17,952	10,798	16,651	54,478	101,985	Household Population
Group quarters population	282	197	194	1,316	6,316	Group quarters population
Average household size	2	2	3.02	2	2	Average household size
Average family size	3	3	3.28	3	3	Average family size
Total housing units	7,143	4,932	5,591	23,757	46,122	Total housing units
Occupied housing units	6,987	4,317	5,505	23,108	44,196	Occupied housing units
Owner-occupied housing units	5,723	3,392	5,077	9,809	15,842	Owner-occupied housing units
Renter-occupied housing units	1,264	925	428	12,789	28,354	Renter-occupied housing units
Vacant housing units	1,074	1,074	86	649	1,926	Vacant housing units
Population 25 years and over	13,345	8,034	10,824	40,242	71,793	Population 25 years and over
High school graduate or higher	10,144	6,284	10,426	33,962	58,541	High school graduate or higher
Disability status (population 5 years and over)	3,168	1,949	1,503	9,751	20,681	Disability status (population 5 years and over)
Median household income	45,933	41,487	118,579	47,147	48,776	Median household income
Families below poverty level	167	119	102	897	2,587	Families below poverty level
Individuals below poverty level	716	580	466	5,148	16,070	Individuals below poverty level
Single-family owner-occupied homes	5,309	3,121	4,813	4,434	7,090	Single-family owner-occupied homes
Median value (dollars)	178,800	228,850	422,400	202,350	260,450	Median value (dollars)

Census 2000 Demographic Profile Highlights **CAMBRIDGE**		
General Characteristics	Number	Percent
Total population	101,355	
Male	49,674	49
Female	51,681	51
Median age	30.4	(X)
Under 5 years	4,125	4.1
18 years and over	87,908	86.7
65 years and over	9,282	9.2
Household population	86,692	85.5
Group quarters population	14,663	14.5
Average household size	2.03	(X)
Average family size	2.83	(X)
Total housing units	44,725	
Occupied housing units	42,615	95.3
Owner-occupied housing units	13,760	32.3
Renter-occupied housing units	28,855	67.7
Vacant housing units	2,110	4.7
Population 25 years and over	66,315	
High school graduate or higher	59,375	89.5
Disability status (population 5 years and over)	13,760	14.2
Median household income in 1999 (dollars)	47979	(X)
Families below poverty level	1,562	8.7
Individuals below poverty level	11,295	12.9
Single-family owner-occupied homes	4,453	
Median value (dollars)	398,500	(X)

Census 2000 Demographic Profile Highlights **EVERETT**		
General Characteristics	Number	Percent
Total population	38037	
Male	18119	47.6
Female	19918	52.4
Median age	35.6	(X)
Under 5 years	2244	5.9
18 years and over	29806	78.4
65 years and over	5602	14.7
Household population	37806	99.4
Group quarters population	231	0.6
Average household size	2.45	(X)
Average family size	3.11	(X)
Total housing units	15908	
Occupied housing units	15435	97
Owner-occupied housing units	6391	41.4
Renter-occupied housing units	9044	58.6
Vacant housing units	473	3
Population 25 years and over	26399	
High school graduate or higher	20119	76.2
Disability status (population 5 years and over)	8611	24.2
Median household income in 1999 (dollars)	40661	(X)
Families below poverty level	888	9.2
Individuals below poverty level	4456	11.8
Single-family owner-occupied homes	2812	
Median value (dollars)	164500	(X)

Census 2000 Demographic Profile Highlights **BOSTON**		
General Characteristics	Number	Percent
Total population	589,141	
Male	283,588	48.1
Female	305,553	51.9
Median age	31.1	(X)
Under 5 years	32,046	5.4
18 years and over	472,582	80.2
65 years and over	61,336	10.4
Household population	554,064	94
Group quarters population	35,077	6
Average household size	2.31	(X)
Average family size	3.17	(X)
Total housing units	251,935	
Occupied housing units	239,528	95.1
Owner-occupied housing units	77,226	32.2
Renter-occupied housing units	162,302	67.8
Vacant housing units	12,407	4.9
Population 25 years and over	377,574	
High school graduate or higher	297,945	78.9
Disability status (population 5 years and over)	120,253	21.9
Median household income in 1999 (dollars)	39629	(X)
Families below poverty level	17,892	15.3
Individuals below poverty level	109,128	19.5
Single-family owner-occupied homes	30,467	
Median value (dollars)	190,600	(X)

Census 2000 Demographic Profile Highlights **CHELSEA**		
General Characteristics	Number	Percent
Total population	35,080	
Male	17,617	50.2
Female	17,463	49.8
Median age	31.3	(X)
Under 5 years	2,829	8.1
18 years and over	25,512	72.7
65 years and over	3,933	11.2
Household population	34,127	97.3
Group quarters population	953	2.7
Average household size	2.87	(X)
Average family size	3.5	(X)
Total housing units	12,337	
Occupied housing units	11,888	96.4
Owner-occupied housing units	3,440	28.9
Renter-occupied housing units	8,448	71.1
Vacant housing units	449	3.6
Population 25 years and over	21,597	
High school graduate or higher	12,844	59.5
Disability status (population 5 years and over)	9,546	30.4
Median household income in 1999 (dollars)	30161	(X)
Families below poverty level	1,582	20.6
Individuals below poverty level	7,921	23.3
Single-family owner-occupied homes	1,057	
Median value (dollars)	149,200	(X)

Census 2000 Demographic Profile Highlights **WATERTOWN**		
General Characteristics	Number	Percent
Total population	32,986	
Male	15,265	46.3
Female	17,721	53.7
Median age	36.7	(X)
Under 5 years	1,535	4.7
18 years and over	28,327	85.9
65 years and over	5,505	16.7
Household population	31,741	96.2
Group quarters population	1,245	3.8
Average household size	2.17	(X)
Average family size	2.86	(X)
Total housing units	15,008	
Occupied housing units	14,629	97.5
Owner-occupied housing units	6,881	47
Renter-occupied housing units	7,748	53
Vacant housing units	379	2.5
Population 25 years and over	25,300	
High school graduate or higher	22,108	87.4
Disability status (population 5 years and over)	5,916	19.1
Median household income in 1999 (dollars)	59764	(X)
Families below poverty level	335	4.5
Individuals below poverty level	2,000	6.3
Single-family owner-occupied homes	3,268	
Median value (dollars)	270,600	(X)

Census 2000 Demographic Profile Highlights **SOMERVILLE**		
General Characteristics	Number	Percent
Total population	77,478	
Male	37,730	48.7
Female	39,748	51.3
Median age	31.1	(X)
Under 5 years	3,500	4.5
18 years and over	65,983	85.2
65 years and over	8,099	10.5
Household population	74,963	96.8
Group quarters population	2,515	3.2
Average household size	2.38	(X)
Average family size	3.06	(X)
Total housing units	32,477	
Occupied housing units	31,555	97.2
Owner-occupied housing units	9,656	30.6
Renter-occupied housing units	21,899	69.4
Vacant housing units	922	2.8
Population 25 years and over	53,693	
High school graduate or higher	43,285	80.6
Disability status (population 5 years and over)	14,317	19.4
Median household income in 1999 (dollars)	46315	(X)
Families below poverty level	1,254	8.4
Individuals below poverty level	9,395	12.5
Single-family owner-occupied homes	2,712	
Median value (dollars)	214,100	(X)

Census 2000 Demographic Profile Highlights **TISBURY**		
General Characteristics	Number	Percent
Total population	3,755	
Male	1,758	46.8
Female	1,997	53.2
Median age	42	(X)
Under 5 years	187	5
18 years and over	2,948	78.5
65 years and over	673	17.9
Household population	3,644	97
Group quarters population	111	3
Average household size	2.21	(X)
Average family size	2.92	(X)
Total housing units	2,720	
Occupied housing units	1,646	60.5
Owner-occupied housing units	1,061	64.5
Renter-occupied housing units	585	35.5
Vacant housing units	1,074	39.5
Population 25 years and over	2,723	
High school graduate or higher	2,423	89
Disability status (population 5 years and over)	729	21.2
Median household income in 1999 (dollars)	37041	(X)
Families below poverty level	71	7.7
Individuals below poverty level	444	12.2
Single-family owner-occupied homes	933	
Median value (dollars)	278,900	(X)

Census 2000 Demographic Profile Highlights **BARNSTABLE**		
General Characteristics	Number	Percent
Total population	222,230	
Male	105,199	47.3
Female	117,031	52.7
Median age	44.6	(X)
Under 5 years	10,599	4.8
18 years and over	176,790	79.6
65 years and over	51,265	23.1
Household population	216,553	97.4
Group quarters population	5,677	2.6
Average household size	2.28	(X)
Average family size	2.82	(X)
Total housing units	147,083	
Occupied housing units	94,822	64.5
Owner-occupied housing units	73,787	77.8
Renter-occupied housing units	21,035	22.2
Vacant housing units	52,261	35.5
Population 25 years and over	165,115	
High school graduate or higher	151,594	91.8
Disability status (population 5 years and over)	42,178	20.3
Median household income in 1999 (dollars)	45933	(X)
Families below poverty level	2,833	4.6
Individuals below poverty level	15,021	6.9
Single-family owner-occupied homes	67,021	
Median value (dollars)	178,800	(X)

Census 2000 Demographic Profile Highlights **BROOKLINE**		
General Characteristics	Number	Percent
Total population	57,107	
Male	25,832	45.2
Female	31,275	54.8
Median age	34.5	(X)
Under 5 years	2,639	4.6
18 years and over	47,604	83.4
65 years and over	7,108	12.4
Household population	55,721	97.6
Group quarters population	1,386	2.4
Average household size	2.18	(X)
Average family size	2.86	(X)
Total housing units	26,413	
Occupied housing units	25,594	96.9
Owner-occupied housing units	11,583	45.3
Renter-occupied housing units	14,011	54.7
Vacant housing units	819	3.1
Population 25 years and over	41,060	
High school graduate or higher	39,534	96.3
Disability status (population 5 years and over)	7,238	13.4
Median household income in 1999 (dollars)	66711	(X)
Families below poverty level	561	4.5
Individuals below poverty level	5,177	9.3
Single-family owner-occupied homes	4,414	
Median value (dollars)	599,500	(X)

Census 2000 Demographic Profile Highlights **WALTHAM**		
General Characteristics	Number	Percent
Total population	59,226	
Male	29,194	49.3
Female	30,032	50.7
Median age	34.2	(X)
Under 5 years	2,795	4.7
18 years and over	50,053	84.5
65 years and over	7,775	13.1
Household population	53,235	89.9
Group quarters population	5,991	10.1
Average household size	2.29	(X)
Average family size	3.01	(X)
Total housing units	23,880	
Occupied housing units	23,207	97.2
Owner-occupied housing units	10,677	46
Renter-occupied housing units	12,530	54
Vacant housing units	673	2.8
Population 25 years and over	39,912	
High school graduate or higher	34,070	85.4
Disability status (population 5 years and over)	9,956	17.9
Median household income in 1999 (dollars)	54010	(X)
Families below poverty level	448	3.6
Individuals below poverty level	3,752	7
Single-family owner-occupied homes	8,695	
Median value (dollars)	250,800	(X)

Census 2000 Demographic Profile Highlights **MALDEN**		
General Characteristics	Number	Percent
Total population	56,340	
Male	27,122	48.1
Female	29,218	51.9
Median age	35.7	(X)
Under 5 years	3,294	5.8
18 years and over	45,102	80.1
65 years and over	7,804	13.9
Household population	55,735	98.9
Group quarters population	605	1.1
Average household size	2.42	(X)
Average family size	3.13	(X)
Total housing units	23,634	
Occupied housing units	23,009	97.4
Owner-occupied housing units	9,962	43.3
Renter-occupied housing units	13,047	56.7
Vacant housing units	625	2.6
Population 25 years and over	40,572	
High school graduate or higher	33,853	83.4
Disability status (population 5 years and over)	11,495	21.8
Median household income in 1999 (dollars)	45654	(X)
Families below poverty level	906	6.6
Individuals below poverty level	5,118	9.2
Single-family owner-occupied homes	5,991	
Median value (dollars)	176,100	(X)

Census 2000 Demographic Profile Highlights **SOMERSET**		
General Characteristics	Number	Percent
Total population	18,234	
Male	8,635	47.4
Female	9,599	52.6
Median age	43	(X)
Under 5 years	791	4.3
18 years and over	14,516	79.6
65 years and over	3,835	21
Household population	17,952	98.5
Group quarters population	282	1.5
Average household size	2.57	(X)
Average family size	2.98	(X)
Total housing units	7,143	
Occupied housing units	6,987	97.8
Owner-occupied housing units	5,723	81.9
Renter-occupied housing units	1,264	18.1
Vacant housing units	156	2.2
Population 25 years and over	13,345	
High school graduate or higher	10,144	76
Disability status (population 5 years and over)	3,168	18.5
Median household income in 1999 (dollars)	51770	(X)
Families below poverty level	167	3.2
Individuals below poverty level	716	4
Single-family owner-occupied homes	5,309	
Median value (dollars)	144,800	(X)

Census 2000 Demographic Profile Highlights **NANTUCKET**		
General Characteristics	Number	Percent
Total population	9,520	
Male	4,884	51.3
Female	4,636	48.7
Median age (years)	36.7	(X)
Under 5 years	525	5.5
18 years and over	7,692	80.8
65 years and over	1,000	10.5
Household population	8,760	92
Group quarters population	760	8
Average household size	2.37	(X)
Average family size	2.9	(X)
Total housing units	9,210	
Occupied housing units	3,699	40.2
Owner-occupied housing units	2,334	63.1
Renter-occupied housing units	1,365	36.9
Vacant housing units	5,511	59.8
Population 25 years and over	6,976	
High school graduate or higher		
Disability status (population 5 years and over)	10	
Median household income in 1999 (dollars)	55,522	(X)
Families below poverty level		(X)
Individuals below poverty level		
Single-family owner-occupied homes	2,041	
Median value (dollars)	577,500	(X)

VII. ADMINISTRATION

Determining the logistics and educating the public on the change in equity of the new program will be time consuming. The intensive review the first year will incur additional costs to personnel in order to complete the preliminary qualification process.

- As the assessors serve as the gatekeepers for all exemptions, determining eligibility including a review of tax return data, examining trust documents etc. all contribute to the administrative burden which falls solely on the Assessor's Office.

- Ideally the cost of the Program should simply be a matter of redistributing the burden within the Class I properties. However, in anticipation of numerous appeals from property owners whose application for exemption was denied, or those simply appealing the increased tax resulting from the adoption; sufficient funds must be set aside for overlay. The overlay amounts are certified by the State and must be adequate to meet the anticipated demand.

Comments from Barnstable and Tisbury

Inserted herewith are excerpts from the Towns of Barnstable and Tisbury commenting on the impact and implementation of their Exemption Programs.

Barnstable: "The biggest procedural problem with this is that, like all exemptions, taxpayers have until 90 days after the actual tax bill is mailed to apply for the exemption. Since you have already done your recap and set your tax rate, any significant number of new applications can have a real negative impact on your overlay balance and you want to avoid this at all costs.

The administrative impact on my office has been quite large. Having been given no additional staffing to handle it, it becomes another exemption to administer but this exemption has FAR more applicants than all the other exemptions put together. To put it in perspective, we had 678 total exemptions in FY10 for veterans, elderly, etc. The total number of residential exemptions in the same year was 14,905. Now, once you get a stable inventory of qualifications, it becomes a matter of coding and following them when they sell or change title after the first of the year, every year, but until you do, your foot and phone traffic will double or triple. Since they only have to qualify once, longer-range maintenance isn't too onerous. We, like Boston, require that they submit the front page of their prior year federal or state tax return (with social security numbers and dollar amounts blacked out, if they wish) along with the application. We've encountered numerous issues like having a P.O. Box list on the return or that they do not file a return at all, that require procedural standards to be set by the Board of Assessors. Your biggest challenge will be qualification of taxpayers in a timely manner and, before I go into any other detail about the exemption, I will stress that if your Board of Selectmen decides to vote it in, BE ABSOLUTELY FIRM that it not be in effect until the following fiscal year. You will need at least a year to feel comfortable that you have a reasonable number of the potentially qualified properties on record.

Tisbury: "The application process is very time consuming. The biggest issue is trying to get applicants to get all documentation submitted. Second problem is determining eligibility for properties held in trust. Also if someone should sell and buy within the same town that the new parcel will not benefit from the exemption until after the eligibility date. Another issue is where we are a resort community we have non-residents that will change their domicile for the one year receive the exemption and go back to being domiciled somewhere else. Also have to check other real estate owned to see if they are benefiting from another exemption somewhere else".[4]

[4] Please see Appendix E letter from Brookline Assessors 2004.

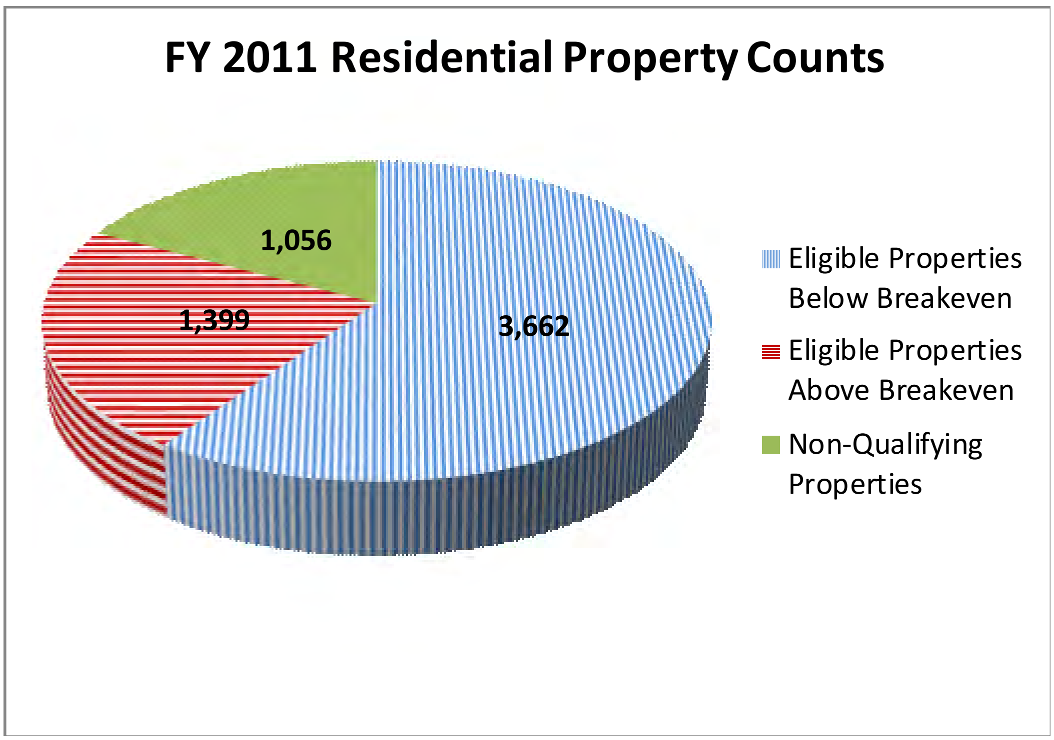
VIII. Consequences

Previous areas of the report have cautioned that the exemption will provide a benefit to a number of property owners, while at the same time acting as a detriment to a different group of property owners. This segment will take a closer look at both the positive and the negative consequences.

With a residential exemption the tax consequences on any individual property will depend on its position in one of three groups as follows:

Group	Tax Impact
Eligible Properties with Assessed Values below the Breakeven Point	Tax ***Decrease***
Eligible Properties with Assessed Values above the Breakeven Point	Tax ***Increase***
All Non-Qualifying Properties	Tax ***Increase***

The chart below shows the number of properties in each group for Fiscal Year 2011.



Based on the initial assumptions made in terms of eligibility as identified in Qualification & Eligibility, the following table projects the average FY 2011 tax ***decreases*** within specific valuation ranges for a 20% Residential Exemption.

Tax Decrease Table

COUNT	AVERAGE TAX DECREASE	FY 2011 ASSESSMENT RANGE
16	$1,807.91	Up to $200,000
192	$1,489.05	$200,000 to $300,000
646	$1,183.56	$300,000 to $400,000
1,113	$890.75	$400,000 to $500,000
950	$545.59	$500,000 to $600,000
669	$215.91	$600,000 to $700,000
76	$17.18	$700,000 to $711,200
3,662	**Total Eligible Properties Below Breakeven**	

In general, *most* owners who meet the prerequisites of the exemption will qualify for some relief; provided the assessed value is below the breakeven point. Many senior households with at least one eligible resident over the age of 60 will benefit. The average assessed value for such households is just $545,117.

Equity Issues

- The exemption does not regard income, or the ability to pay
- The exemption does not distinguish between *age* groups
- It does not guarantee that a senior will pay less property taxes
- The exemption does not differentiate between excess users of Town services and infrastructure

Citizen Costs

- The program does not distinguish between citizens with and without school age children. The Town will not have the ability to ensure that all seniors will benefit from the program's adoption.
- All *nonresident* home owners regardless of assessment will see tax increases.

- Residential homeowners whose property title is held in certain Trusts will pay higher taxes. Other residential property owners including 437 vacant land owners will also likely see increased tax bills.
- Renters as a group are more likely to be in need of relief from property tax increases which would be passed on through higher rents[5].
- Non qualifying property types will see up to a 20% increase in their tax.
- Non-qualifying owners with limited income, sudden illness, job layoffs could see this financial stressor as the breaking point for remaining in their Sudbury home
- 17% of the Class I properties may not qualify. They will pay based on the “original assessed value” (non- exempt value), at the increased tax rate. The “average assessed value” for the group is $437,605, which will amount to an average increase of $1,497.12 in tax dollars.
- Of the remaining 83% likely to qualify, those *above* the break-even point include some of the seniors who receive income-based exemptions and deferrals.

Redistribution of the Tax

Real estate demand, housing and location preferences continually ebb and flow. These trends are mimicked in the annual property assessments. While the voted percent may be a constant each year, its adoption cannot guarantee a reduced tax bill for properties for which the assessments have moved above the breakeven point.

Annual votes on the percentage of Exemption can fluctuate.

- Tax payers will have difficulty budgeting their property taxes
- Taxes held in escrow will see tremendous variations if the annual percent changes or assessment goes above the breakeven. Some owners may not be able to manage the mortgage swings, when the percentage or their assessment fluctuates or a future Board opts out of the program.
- Adopting the exemption can only be implemented after issuance of the preliminary tax bills. Therefore, a property owner whose tax assessment is above the breakeven point or does not qualify will see a substantially higher tax bill for the tax year that the program is voted.

[5] According to United States Census Bureau data from the 2000 Census, the number of owner occupied housing units in Massachusetts exceeds the number of renter occupied housing units (1,508,248 and 935,332, respectively). However, the number of occupants below the poverty level living in rental units(186,552) far exceeds the number in owner occupied housing (54,345). To that extent that the tax burden on renters is increased by local adoption of the residential exemption. *Important to note: renters are not eligible for personal exemption relief, such as blind, veterans, etc.*

CONCLUSION

For many years Sudbury town fathers tried to reverse the effect of split tax rates between CIP and RES properties. The tax shift works best with a large CIP base because it can absorb a significant amount of the levy. Sudbury relies on a very small commercial tax base to provide tax relief to its residential sector, when the preferred outcome has been minimal, at best. With a sometimes erratic real estate market it has become even more difficult to rely on CIP to offset the residential tax burden. In recent years, Sudbury Boards of Selectmen settled for equalizing levy increases to each of the classes as a best effort to 'un-ring' the bell.

When a community does not fit the profile for the category of tax relief, the residential exemption is a blunt instrument for attaining that purpose.

As the reliance on the property tax to fund town services has grown, residents of modest means are finding it difficult to meet their tax demands and remain in Sudbury.

Options to adjust the property tax burden are limited. The state defines the ways which we may adjust the impact of the property tax, and we have implemented many of these programs.

Considering the current economic climate, it is important to recognize that not only are low and moderate income seniors struggling with their property tax burden, many non-seniors are feeling the financial pinch as well. There is continued evidence of overburdened younger property owners who purchased at the peak of the real estate boom. They too are finding it difficult. Short sales and foreclosures are occurring among the younger population and the higher end real estate market.

For generations Town Fathers have been concerned with property tax equity. There is no right answer or simple solution when it comes to the issue of tax equity for all. A decision to adopt will have long term consequences for every citizen of Sudbury.

APPENDIX A

Mailed copy to Mrs Brennan 5/12/80

THE COMMONWEALTH OF MASSACHUSETTS

TAX RATE RECAPITULATION

FISCAL 1980

OF

SUDBURY
City or Town

I. TAX RATE SUMMARY

1. Gross Amount to be Raised (from Part VI)		$ 13,906,548.39
2. Estimated Receipts and Available Funds (from Part VII, Line 7)		3,225,804.39
3. Net Amount to be Raised by Taxation (subtract Line 2 from Line 1)		10,680,744.00
4. Real Property Valuations	176,408,000	
5. Personal Property Valuations	9,344,063	
6. Total Property Valuations (add Line 4 and Line 5)	185,752,063	
7. Tax Rate (divide Line 3 by Line 6, multiply by 1000)		57.50
8. Real Property Tax (multiply Line 4 by Line 7)		10,143,460
9. Personal Property Tax (multiply Line 5 by Line 7)		537,284
10. **Total Taxes Levied on Property** (add Line 8 and Line 9)		$ 10,680,744

Board of Assessors of SUDBURY
City or Town

Frank H. Grinnell

David G. Hubbard

William R. Dunlea

October 11 19xx 1979

Do Not Write Below This Line – For Department Use Only

A fiscal year 1980 tax rate of $ 57.50
using estimated receipt of $ [redacted] $852,125.26
and an overlay of $ 395,345.08
is hereby approved for the

Town of Sudbury

Commissioner of Revenue
By

Anthony P. Guma

Chief, Property Tax Bureau

Form 1125 Hobbs & Warren Inc.

1.

Approved
Commissioner of Rever

APPENDIX B

THE COMMONWEALTH OF MASSACHUSETTS

Department of Revenue

RECEIVED
BRD OF ASSESSORS OFFICE
1980 DEC 22 PM 3:11
TOWN OF SUDBURY, MASS.

Dept. of Revenue DEC 11 1980 A. P. GROSSO

TAX RATE RECAPITULATION
OF
SUDBURY
City or Town

FISCAL 1981

I. TAX RATE SUMMARY

A. Gross Amount to be Raised (from Part VI) $ ~~15,732,955.52~~ 15 737 251.52 15 757 891.14

B. Estimated Receipts and Available Funds (from Part VII, Line 7) ~~3,216,801.79~~ 3 223 097.79

C. Net Amount to be Raised by Taxation (subtract B from A) 12,516,153.73 12 535 793.35

D. Classified Tax Levies and Rates.

(A) Class.	(B) Levy Percentage	(C) Levy by Class	(D) Valuation by Class	(E) Tax Rates (C) ÷ (D) × 1000
I Residential	77.9932	9,761,748.48	369,763,200	26.40
II Open Space	0	0	0	0
III Commercial	12.4150	1,553,875.37	39,239,277	39.60
IV Industrial	5.7861	724,204.80	18,288,000	39.60
V Pers. Prop.	3.8057	476,325.08	12,028,411	39.60
TOTAL	100%	$ 12,516,153.73	$ 439,318,888	

E. Real Property Tax (add Column (C) Class I II III IV) 12,039,828.65

F. Personal Property Tax (Column (C) Class V) 476,325.08

G. Total Taxes Levied on Property (E + F) $ 12,516,153.73

Board of Assessors of SUDBURY
City or Town

December 11 1980

Do Not Write Below This Line — For Department Use Only

APPENDIX C

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
DIVISION OF LOCAL SERVICES

Property Tax Bureau
Informational Guideline Release (IGR) No. 91-209
July 1991

EXEMPTION ELIGIBILITY OF PROPERTY HELD IN TRUST
Relating to
Personal and Residential Exemptions
Available under Chapter 59, S. 5 and 5C

To qualify for a personal or residential tax exemption on his or her domicile under Ch. 59 §5 or §5C, an individual must, among other things, have been an owner of that domicile on the qualification date for the fiscal year to which the tax relates. For exemptions under Section 5, the qualification date is July first of that year. For exemptions under Section 5C, that date is the preceding January first.

Frequently, however, persons place their domiciles in trust, most often for estate planning purposes. In those cases, the assessors must determine whether the person has a sufficient ownership interest in that property to qualify for a local property tax exemption.

A trust is a right to the beneficial enjoyment of property, either real or personal, the title to which is vested in another. A person in whom the title to trust property is vested is called a trustee. A holder of the right to enjoy such property is called a beneficiary. This separation of the legal title from the beneficial or "equitable" interest is the essential element embodied in the concept of a trust.

If a taxpayer places his domicile in trust, he must retain both (1) a sufficient beneficial interest and (2) a record legal interest in the property in order to be eligible for a personal exemption on that property.

Exemptions from taxation are strictly construed. The Supreme Judicial Court has held that "[a] taxpayer is not entitled to an exemption unless he shows that he comes within either the express words or the necessary implication of some statute conferring this privilege upon him. " Animal Rescue League v. Assessors of Bourne, 310 mass. 330 (1941), 332. Therefore, assessors should not allow exemptions on property held in trust unless the individuals to be benefited clearly satisfy the requirements for eligibility explained in these guidelines.

GUIDELINES:

I. ELIGIBILITY REQUIREMENTS: LEGAL AND BENEFICIAL INTEREST

The Supreme Judicial Court has held that, for property placed in trust, the ownership requirement for a personal exemption is satisfied only when the applicant possesses both a sufficient beneficial interest and a record legal interest in the subject property. In Kirby v. Board of Assessors of Medford, 350 Mass. 386 (1966), the Court upheld the denial of an elderly exemption applied for under Ch. 59 §5(41) to an applicant who possessed no more than a beneficial interest in his domicile, even though he met all other statutory requirements for the exemption.

THEREFORE, AN APPLICANT FOR A PERSONAL OR RESIDENTIAL EXEMPTION ON A DOMICILE WHICH HAS BEEN PLACED IN TRUST MUST HAVE STATUS BOTH AS (1) A TRUSTEE AND AS (2) A BENEFICIARY OF THAT TRUST.

A. TRUSTEE

1. Legal Interest

a. The trustee is holder of the legal title of any property subject to the trust.

b. In order to satisfy the ownership requirement for a personal exemption, an individual who places his domicile in trust (settlor, trustor, etc.) must name himself as a trustee.

THEREFORE, REGARDLESS OF ANY OTHER CIRCUMSTANCES, AN INDIVIDUAL WILL NOT QUALIFY FOR A PERSONAL EXEMPTION UNLESS HE WAS A NAMED TRUSTEE ON JULY FIRST OF THAT FISCAL YEAR OR FOR A RESIDENTIAL EXEMPTION UNLESS HE WAS A NAMED TRUSTEE ON THE PRECEDING JANUARY FIRST.

2. Revocable Trust; Legal Title

Assessors should be aware that certain trusts may be altered, amended or revoked. An individual who establishes a trust (settlor) may reserve the right to subsequently alter, amend or revoke that trust.

HOWEVER, A SETTLOR WHO RESERVES THE RIGHT TO ALTER, AMEND OR REVOKE A TRUST DOES NOT THEREBY SATISFY THE OWNERSHIP REQUIREMENT FOR AN EXEMPTION. HE MUST NAME HIMSELF A TRUSTEE TO OBTAIN LEGAL TITLE.

3. Multiple Trustees

a. A interest to fulfill the ownership requirement for an exemption. In Board of Assessors V. Bellissimo, 357 Mass. 198 (1970), the Supreme Judicial Court upheld a personal exemption where a husband and wife were co-trustees. To fulfill the ownership requirement, however, a person is not limited to serving as a co-trustee with a spouse, alone. Kirby requires only that a person have "ownership of a record legal interest."

THEREFORE, A PERSON WHO IS A CO-TRUSTEE HOLDS SUFFICIENT LEGAL INTEREST NO MATTER HOW MANY OTHER PERSONS, FAMILY MEMBERS OR NOT, ARE ALSO CO-TRUSTEES.

b. Where property upon which an elderly exemption is sought under Ch. 59 §5 Clause 41, 41B or 41C is owned jointly or as a tenant in common with a person not the spouse of the applicant, an exemption is only available if all joint tenants or tenants in common, individually, satisfy the annual income and whole estate requirements set out in the relevant provisions of the statute. In addition, the amount of the applicant's exemption cannot exceed his percentage interest in the property multiplied by $500, the full exemption amount.

THE SAME RULE APPLIES FOR TRUSTS. Where property is held in trust with multiple trustees other than the applicant's spouse, each to-trustee must, also, satisfy the relevant annual income and whole estate requirements in order for the applicant to be eligible for an elderly exemption. Similarly, the amount of the applicant's exemption cannot exceed his percentage interest in the property multiplied by the full exemption amount. Thus, an applicant who serves as a co-trustee with one other trustee will be said to possess a 50% interest, etc.

c. Where a property is held in trust with multiple trustees and the exemption sought is other than an elderly exemption under Ch. 59 §5 Clause 41, 41B or 41C, only the applicant, not his co-trustees, must satisfy the eligibility requisites for the particular exemption. In addition, such applicant upon qualifying is eligible for the full exemption amount, unreduced by the percentage of his co-trustees' interest in the subject property.

4. Tax Liability for Trust Assets

a. Pursuant to Ch. 59 §11, taxes on real estate are to be assessed to "the person appearing of record, in the records of the county...where the estate lies, as owner on January first ...."

b. Realty held in trust should be assessed to holders of legal title as owners. Assessors of Boston v. Neal, 311 mass. 192 (1942).

c. Assessors, therefore, should assess property held in trust to the party or parties who were trustees of record of that property on the January first preceding the fiscal year to which the tax relates.

d. Where more than one person serves as trustee of real or personal property held in trust, all of the trustees are jointly and severally liable for the tax on that property. The collector may send the tax bill to any or all of such trustees.

B. BENEFICIARY

1. The beneficiary of a trust is holder of the equitable or beneficial interest in the trust property.

2. To qualify for a personal exemption or a residential exemption on a domicile held in trust, an individual must, in addition to possessing a record legal title, also possess sufficient beneficial interest in that trust.

3. Generally, the possession of this requisite beneficial interest must be apparent from language of the trust instrument or of other recorded documents.

4. If the trust instrument contains a Schedule of Beneficiaries, either referenced within or attached to the instrument, a person seeking a tax exemption on property subject to the instrument must be shown on that schedule to possess a substantial beneficial interest in the trust.

5. The document which evidences possession by an applicant of sufficient beneficial interest must be on record, at the registry of deeds of the county where the subject land is located, on the qualification date for the fiscal year to which the tax relates.

6. There may, however, be instances in which a beneficiary is not expressly named. For example, in a case where a trust instrument stipulated that the net income of the trust was to be disposed as the settlor directed from time to time, and if the settlor made no such direction, that income was to be paid to the settlor, the Appellate Tax Board concluded that the settlor possessed enough of a beneficial interest to satisfy the Kirby requirement.

THEREFORE, IN CASES WHERE A BENEFICIARY IS NOT NAMED, THE REQUISITE OF A SUFFICIENT BENEFICIAL INTEREST MAY BE FULFILLED WHERE A SETTLOR (1) RESERVES THE RIGHT TO DISBURSE THE INCOME OF A TRUST AND (2) SPECIFIES THAT IF NO DIRECTION FOR SUCH DISPERSION IS MADE, THE INCOME INURES TO THE SETTLOR.

C. MULTIPLE TRUSTS

To fulfill the ownership requirement for property held in trust, an individual must possess both legal title and sufficient beneficial interest in the particular trust in which the domicile is held.

THEREFORE, IF AN INDIVIDUAL ESTABLISHES MORE THAN ONE TRUST, RETAINING LEGAL TITLE TO HIS DOMICILE UNDER ONE TRUST BUT TRANSMITTING THE FULL BENEFICIAL INTEREST IN THAT DOMICILE TO SOME OTHER TRUST, THE INDIVIDUAL DOES NOT QUALIFY FOR A PERSONAL OR A RESIDENTIAL EXEMPTION.

D. RETENTION OF LIFE ESTATE

In contrast to the creation of a trust, which separates the legal title from the beneficial interest, the creation of a life estate separates the present title and interest from the future title and interest. It divides ownership of the property in time. A life tenant is considered the owner of the property during his lifetime for the purposes of assessing property taxes under Ch. 59 §11, Thayer v. Shorey, 287 mass. 76 (1934), and may qualify for an exemption if he satisfies the applicable requirements.

THEREFORE, IF A SETTLOR CONVEYS HIS DOMICILE INTO A TRUST, RETAINING A LIFE ESTATE IN THE PROPERTY, HE HAS A SUFFICIENT PROPERTY INTEREST TO SATISFY THE OWNERSHIP REQUIREMENT FOR A PERSONAL OR RESIDENTIAL EXEMPTION.

II. DOCUMENTS NECESSARY TO ESTABLISH ELIGIBILITY

When assessors (1) process an application for a personal exemption or (2) determine eligibility for a residential exemption on property which is held in trust, they should examine the following documents:

A. TRUST INSTRUMENT

1. The document which sets out the terms of any particular trust is called the trust instrument or declaration of trust. Where assessors are requested to allow an exemption on property held in trust, they should require a complete copy of the trust instrument, together with all relevant amendments and schedules. IN ORDER FOR AN EXEMPTION TO BE ALLOWED, ALL PERTINENT TRUST INSTRUMENTS, AMENDMENTS AND SCHEDULES MUST BE ON RECORD, AT THE REGISTRY OF DEEDS OF THE COUNTY WHERE THE SUBJECT LAND IS LOCATED, ON THE QUALIFICATION DATE FOR THE FISCAL YEAR TO WHICH THE TAX RELATES. Unless the assessors find from the trust instrument, including any schedules or amendments that were on record on the qualification date, that the applicant possesses both status as a trustee <u>and</u> sufficient beneficial interest, they should not allow an exemption.

2. Assessors should read trust instruments to determine whether the trust terms may be changed by a settlor. Where assessors allow an exemption to an individual who has reserved the right to alter, amend or revoke, they should obtain a copy of the trust instrument, effective on July first of each subsequent fiscal year for personal exemptions and on the preceding January first for residential exemptions, to determine whether this right has been exercised in a way which has terminated the individual's eligibility.

3. Since trust instruments are often complex legal documents, assessors should, when necessary, seek the assistance of their municipal lawyer when construing them and when applying these guidelines.

B. <u>DEEDS; ETC.</u>

When an individual seeks an exemption on trust property, the assessors should require a copy of the deed, or some other document, which establishes that the property has been conveyed to the trust.

III. EXAMPLES

The following examples illustrate the requirements explained in these guidelines.

<u>EXAMPLE NO. 1.</u> An elderly husband and wife place their home in trust, retaining to themselves full beneficial interest in that home, but making their children trustees under the trust instrument.

<u>RESULT</u>: This couple does <u>not</u> satisfy the ownership requirement for an exemption. To satisfy this requirement, the couple would have to possess both a sufficient beneficial interest <u>and</u> a record legal interest in the subject property. Here, the husband and wife clearly possess a sufficient beneficial interest, but they do not possess any legal interest. To possess a legal interest in the assets of a trust, a person must be a named trustee of that trust. See Section I-A-1-b.

<u>EXAMPLE NO. 2</u>. A widow places her home in trust, dividing the beneficial interest equally between herself and an adult son. She names herself a co-trustee with her two sisters and with two other friends. Subsequently, she applies for an elderly exemption under Ch. 59 §5, Clause 41C.

<u>RESULT</u>: This woman satisfies the ownership requirement or an exemption. She possesses sufficient beneficial interest, having divided that interest equally between herself and an adult son. Since she is a co-trustee, she possesses the requisite legal interest. However, even though she satisfies the ownership requirement, she qualifies for an elderly exemption under Clause 41C only if each of the individuals she named as a co-trustee satisfies the annual income and whole estate requirements set out in the statute. See Section I-A-3-b. In any case, the maximum amount to which she could be eligible is $100, her 20% legal interest multiplied by $500, the full exemption amount. Again, see Section I-A-3-b.

<u>EXAMPLE NO. 3</u>. A widower places his home in trust, naming himself sole trustee. In addition, he creates a second trust, and he conveys the full beneficial interest in his home to that second trust.

<u>RESULT</u>: This widower does <u>not</u> satisfy the ownership requirement. Having named himself sole trustee of the first trust, he clearly possesses the requisite legal title to his home. However, having conveyed the full beneficial interest in that home to a second trust, he does not, himself, possess the requisite beneficial interest for purposes of a local property tax exemption. See Section I-C.

Appendix D

State Tax Form 31C

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
TAX RATE RECAPITULATION
OF
SUDBURY
City / Town / District

FISCAL 2011

I. TAX RATE SUMMARY

Ia. Total amount to be raised (from IIe)	$	82,296,930.07
Ib. Total estimated receipts and other revenue sources (from IIIe)		14,878,424.00
Ic. Tax levy (Ia minus Ib)	$	67,418,506.07

Id. Distribution of Tax Rates and levies

CLASS	(b) Levy percentage (from LA - 5)	(c) IC above times each percent in col (b)	(d) Valuation by class (from LA - 5)	(e) Tax Rates (c) / (d) x 1000	(f) Levy by class (d) x (e) / 1000
Residential	90.9240%	61,299,602.46	3,599,570,656	17.03	61,300,688.27
Net of Exempt					0.00
Open Space	0.0000%	0.00	0		0.00
Commercial	4.8082%	3,241,616.61	145,535,412	22.27	3,241,073.63
Net of Exempt					0.00
Industrial	2.0111%	1,355,853.58	60,872,200	22.27	1,355,623.89
SUBTOTAL	97.7433%		3,805,978,268		65,897,385.79
Personal	2.2567%	1,521,433.43	68,303,560	22.27	1,521,120.28
TOTAL	100.0000%		3,874,281,828		67,418,506.07

MUST EQUAL 1C

Board of Assessors of SUDBURY
City / Town / District

NOTE : The information was Approved on 12/15/2010.

Assessor	Date
Liam J. Vesely, Board of Assessors, Sudbury, 978-639-3381	12/3/2010 9:38 AM
Trevor A. Haydon, Assessor, Sudbury, 978-639-3393	12/2/2010 4:13 PM
Joshua M. Fox, Assessor, Sudbury, 978-639-3399	12/3/2010 11:18 AM

Do Not Write Below This Line — For Department of Revenue Use Only

Reviewed By Andrew Nelson
Date : 15-DEC-10
Approved : Dennis Mountain
Director of Accounts

(Gerard D. Perry)

Print Date : 12/15/2010 1:09 pm

Page 1 of 4

Appendix E

Town of Brookline
Board of Assessors
333 Washington Street
Brookline, MA 02445
(617) 730-2060
FAX (617) 739-7572
E:mail: assessors@town.brookline.ma.us

November 3, 2004

David Burgess, MAA
Principal Assessor
Town Hall
4 Boltwood Ave
Amherst, MA. 01002

RE: Residential Exemption

Dear Dave:

The Town of Brookline instituted the "Residential Exemption" MGLc 59 Section 5, clause 5C in 1982. Briefly you must own and occupy the property as your principal residence as of January 1 in each fiscal year. If adopted you must review all residential property as to its ownership as of January 1 in each fiscal year. The property must be the taxpayers "principal place of residence". Therefore, in year one documents must be produced to show that the property meets that requirement which includes the following:

1) State and federal income tax form. The top portion preferably with the mailing label.
2) Motor vehicle excise registration
3) Driver's license
4) Utility bills as of January 1.
5) Evidence of voter registration.

Not every one will have all of these documents. If a person pays tax from the address it is usually a good indication that this is their principle residence, however, some people have a few residences and pick the one where it is more advantageous to pay tax. At that point motor vehicle and voter registration becomes important. In college communities (we have several universities) it is problematic because sometimes parents buy condominium units for their children to live in, to take advantage of tax deductions while the children are in school. If the parents own the property and don't live in it, obviously they don't qualify. However, after learning of the Residential Exemption (in Brookline it was $139,870 off the value in FY 2004) the parents will transfer the property to the child for the remainder of the school term. Generally these children don't pay tax because they are claimed on the parents return, so they submit car registration and voter's registration. Sometimes they don't vote or drive. Reviewing these is a problem. Some will get the exemption some won't . This exemption unlike other statutory exemptions has many gray areas, which brings me to properties held in trust.

With properties held in trust the person must be the Trustee, and have "sufficient beneficial interest" Court cases on this are vague. As far as the Department of Revenue is concerned a person cannot be the trustee of the main trust and have another trust hold the beneficial interest even if the trustee of the second trust is the same person and the owner occupant. There has been no case law on this. Every community handles this differently. It would take another page for me to describe the review criteria for these documents.

This is just the first year. Every year when a property changes hands, you must mail new Residential Exemption applications to the new owners. If the property doesn't change hands or isn't put into a Trust or doesn't change its mailing address the Residential Exemption stays in place from year to year. However, we have about 2,000 sales a year and we must send out 2,000 new applications a year to ensure that the new owners actually qualify.

Part of the reason this is necessary is because we have 8,000 condominiums. These have the lowest sales prices. Since the Residential Exemption takes into consideration the value of the entire residential class, the lowest valued properties receive the greatest benefit. The very high end properties receive no benefit from this at all. Therefore, we have people "watching" who gets the exemption and neighbors are quite happy to turn other neighbors in. If the Assessors aren't diligent in qualifying new people taxpayers become very upset with the process.

We have 14,000+ residential parcels and three people who work on this. It is incredibly time consuming.

If you need any other information, just call.

Very truly yours,

Linda MacDonald
Assistant Assessor

Appendix F

Massachusetts General Laws Chapter 59 Sec. 5C

The Residential Exemption:

Section 5C. With respect to each parcel of real property classified as Class One, residential, in each city or town certified by the commissioner to be assessing all property at its full and fair cash valuation, and at the option of the board of selectmen or mayor, with the approval of the city council, as the case may be, there shall be an exemption equal to not more than twenty per cent of the average assessed value of all Class One, residential, parcels within such city or town; provided, however, that such an exemption shall be applied only to the principal residence of a taxpayer as used by the taxpayer for income tax purposes. This exemption shall be in addition to any exemptions allowable under section five; provided, however, that in no instance shall the taxable valuation of such property after all applicable exemptions be reduced below ten per cent of its full and fair cash valuation, except through the applicability of section eight A of chapter fifty-eight and of clause Eighteenth of section five. Where, under the provisions of section five, the exemption is based upon an amount of tax rather than on valuation, the reduction of taxable valuation for purposes of the preceding sentence shall be computed by dividing the said amount of tax by the residential class tax rate of the city or town and multiplying the result by one thousand dollars. For purposes of this paragraph, "parcel" shall mean a unit of real property as defined by the assessors in accordance with the deed for such property and shall include a condominium unit.

In those cities and towns in which an exemption is made available hereunder, a taxpayer aggrieved by the failure to receive such residential exemption may apply for such residential exemption to the assessors, in writing, on a form approved by the commissioner within three months after the date on which the bill or notice of assessment was sent.

A timely application filed hereunder shall, for the purposes of this chapter, be treated as a timely filed application pursuant to section fifty-nine.

For purposes of this section, with respect to real property owned by a cooperative corporation, as defined in section 4 of chapter 157B, that portion which is occupied by a member pursuant to a proprietary lease as such member's domicile and is used as such member's principal residence for income tax purposes shall be deemed to be real property owned by such member for purposes of this section, provided that the portion of the real estate is represented by the member's share or shares of stock in the cooperative corporation and the percentage of such portion to the whole is the percentage of such member's shares in the cooperative corporation to the total outstanding stock of the corporation, including shares owned by the corporation. Such portion of such real property shall be eligible for exemption from taxation pursuant to this section if such member meets all requirements for such exemption. Any exemption so provided shall reduce the taxable valuation of the real property owned by the cooperative corporation; provided, however, that the reduction in taxes realized thereby shall be credited by the cooperative corporation against the amount of such taxes otherwise payable by or chargeable to such member. Nothing in this paragraph shall be construed to affect the tax status of any manufactured home or mobile home under this chapter, but shall apply to the land on which such manufactured home or mobile home is located if all other requirements of this paragraph are met. This paragraph shall take effect in a city or town upon its acceptance by the city or town.

Appendix G

HOUSE DOCKET, NO. 03572 FILED ON: 02/09/2011

HOUSE . . . . No. 03435

[LOCAL APPROVAL RECEIVED.]

The Commonwealth of Massachusetts

PRESENTED BY:

Thomas P. Conroy

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act authorizing the Town of Sudbury to establish a means tested senior citizen property tax exemption.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Thomas P. Conroy	*13th Middlesex*
James B. Eldridge	*Middlesex and Worcester*
Susan C. Fargo	*Third Middlesex*

HOUSE . . . . No. 03435

By Mr. Conroy of Wayland, a petition (accompanied by bill, House, No. [BILL NUMBER]) of Thomas P. Conroy, James Eldridge and Susan Fargo (by vote of the town) that the town of Sudbury be authorized to establish a senior citizen property tax exemption. Revenue. [Local Approval Received.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act authorizing the Town of Sudbury to establish a means tested senior citizen property tax exemption.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. With respect to each qualifying parcel of real property classified as class one, residential in the town of Sudbury there shall be a cap on property taxes equal to the sum of [1] 10 per cent of the total annual household income, and [2] the amount of the state's "circuit breaker" credit the applicant was eligible to receive in the year prior to the application being filed, except that if the cap described in Section 3 is exceeded by a higher percentage and except that in no event shall property taxes be reduced by more than 50 per cent by this exemption. The exemption shall be applied only to the principal residence of a taxpayer as used by the taxpayer for income tax purposes.

SECTION 2. The board of assessors may deny an application if they find the applicant has excessive assets that place them outside of the intended recipients of the senior exemption created by this act. Real property shall qualify for the exemption set forth in Section 1 if all the following criteria are met:

(a) the qualifying real estate is owned and occupied by a person or family where their prior year's income would make them income eligible for the Circuit Breaker income tax credit;

(b) the qualifying real estate is owned by a single applicant age 65 or above at the close of the previous year or if a joint application the second applicant was age 60 or above;

(c) the qualifying real estate is owned and occupied by the applicant or joint applicants as their principal residence for income tax purposes;

(d) the applicant or at least one of the joint applicants has resided in the town of Sudbury for at least 10 consecutive years before filing an application for the exemption;

(e) the maximum assessed value of the primary residence is no greater than the prior year's average assessed value of a Sudbury single family residence plus 10 percent; and

(f) the board of assessors has approved the application.

SECTION 3. The exemption provided for in this act is a shifting in the tax burden among residential properties much like the residential exemption provided for in the general laws. This exemption shall be in addition to any other exemption allowable under the General Laws, except that there shall be a dollar cap on all the exemptions granted by this act equal to 0.50% of the fiscal year's total residential property tax levy for Sudbury including the levy for the regional high school if not included in Sudbury's tax levy at some subsequent date. After the first year of enactment, the total cap on the exemptions granted by this act shall be set annually by the board of selectmen within a range of 0.50% and 1.00% of the residential property tax levy for Sudbury including the levy for the regional high school. In the event that benefits to the applicants must be limited because the percentage established annually by the selectmen would otherwise be exceeded, the benefits shall be allocated by establishing a higher percentage in Section 1 as necessary to not exceed the cap. In the event the cap exceeds the need the burden shift shall be reduced to meet the need.

SECTION 4. A person who seeks to qualify for this exemption shall, before the deadline established by the board of assessors, file an application, on a form to be adopted by the board of assessors, with the supporting documentation of their income and assets as described in the application. The application shall be filed each year for which the applicant seeks the exemption.

SECTION 5. For the purposes of this act, "parcel" shall be a unit of real property as defined by the assessors in accordance with the deed for the property and shall include a condominium unit.

SECTION 6. Acceptance of this act by the town of Sudbury shall be by an affirmative vote of a majority of the voters at any regular or special election at which the question of acceptance in placed on the ballot. This act shall become effective on the thirtieth day following an affirmative vote.

SECTION 7. The acceptance of this act may be revoked by an affirmative vote of a majority of the voters at any regular or special town election held prior to affirmation at which the question of revocation has been placed on the ballot by a two-thirds vote of them sitting members of the board of selectmen. Revocation of this act shall become effective on the thirtieth day following that affirmative vote and shall thereafter apply only for applications received following revocation.

SECTION 8. Acceptance of this act by the town of Sudbury shall automatically expire after 3 years unless reaffirmed by the affirmative vote of a majority of the voters at a town meeting. Once reaffirmed, it shall take an affirmative vote by two-thirds of the voters at a regular or special election at which the question of revocation has been placed on the ballot by a two-thirds vote of then sitting members of the board of selectmen for this act to be revoked.

SECTION 9. The selectmen and/or the board of assessors may make technical and procedural changes, if they decide such changes will: (1) make the administration of the act more efficient, (2) make it easier to comply with the regulations of the Massachusetts Department of Revenue, or (3) for any other good reason. Such changes shall not require further approval by the legislature.