

CITY OF NORTH ADAMS
City Clerk's Office
December 13, 2012

I hereby notify you that at twelve o'clock noon today the following items of business have been filed with this office and will be acted upon at the "SPECIAL" meeting in the City Council Chambers at City Hall, Tuesday evening December 18, 2012 at seven-thirty o'clock according to Section 8, Rules and Orders of the City Council.

Marilyn Gomeau
City Clerk

SPECIAL MEETING OF THE CITY COUNCIL
December 18, 2012

Roll Call
Moment of silent prayer
The Pledge

Approval of the minutes of special meeting held on December 4th.

8717-32 Mayor's communication #52 requesting this Public Hearing for the purpose of establishing the percentages of local tax levy to be borne by the various classes of real property for FY'13.

PUBLIC HEARING OPEN

8717-32a Mayor's communication #52-a submitting an Order establishing the percentages of tax levy for FY'13.

CLOSE PUBLIC HEARING

8717-32 An Order establishing the percentages of local tax levy to be borne by the various classes of real property for FY'13.



Office of the City Clerk City of North Adams

10 Main Street Room 109
North Adams, Massachusetts 01247
(413) 662-3015

City Clerk Marilyn Gomeau

SPECIAL MEETING OF THE CITY COUNCIL

December 4, 2012

A special meeting of the North Adams City Council was held at 5:00pm in City Council Chambers with the following present:

COUNCILORS PRESENT: Blackmer, Bloom, Bond, Bullett, Harpin, Marden. Absent Councilors Barrett and Breen.

A moment of silent prayer was observed.

The Pledge of Allegiance was recited.

The President presented Mayor's communication #52 requesting Council set a Public Hearing for the purpose of establishing the percentages of local tax levy to be borne by the various classes of real property.

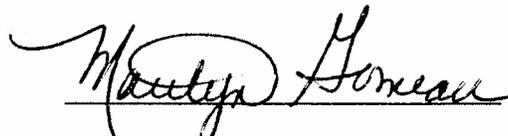
On motion of Councilor Harpin, duly seconded by Councilor Marden it was VOTED: to set the Public Hearing for December 18th at 7:30pm.

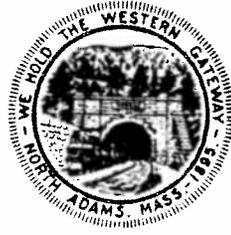
With no further business to come before the Council a motion to adjourn was in order.

VOTED: to adjourn at 5:01pm.

A True Copy

Attest,


City Clerk



CITY OF NORTH ADAMS, MASSACHUSETTS

Office of the Mayor
Richard J. Alcombright

December 18, 2012
#52-a

The Honorable City Council
North Adams, Massachusetts

Re: Property Tax Classification – Public Hearing

Honorable Members:

Tonight you will be voting on establishing the CIP shift which establishes the percentages of tax levy of the different classes of property.

I have stated since being in office that our commercial tax rate (one of the highest in the state) is detrimental to the establishment of new business and the growth of existing businesses. I also stated that at the appropriate time, we need to look at and reduce if possible, the CIP shift to cauterize the commercial rate to reward and in some way incent investment and growth within the business sectors.

The attached spreadsheet represents the valuations by property classifications and as you can see, resulting from the required revaluation process, overall residential property values fell slightly while the commercial and personal property sectors grew. The numbers would bear out the fact that this would be an opportune time to send a strong message to our business community and to those businesses that may want to locate here that we are doing our very best to help them manage costs.

I am recommending that we reduce the CIP shift from 1.75 to 1.71. We have an opportunity to do this with very little impact on the residential rate (approximately a \$29 increase on an average single family home) over the typical shift factor of 1.75. The FY 2013 tax levy will be \$13,698,055.00 an increase of 3.45% which includes \$122,100.00 of new growth.

As we establish this CIP shift tonight, we are assuring our community that we will be able to provide services at acceptable levels. Unfortunately and despite best efforts, we have not fully reduced our deficit and this will set us up for yet another challenging FY2014 budget cycle.

The City Assessor and Administrative Officer will be available at the meeting to aid in answering any questions and I ask for your support of this tax plan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard J. Alcombright', written over a white background.

Richard J. Alcombright
Mayor

RJA:ll

SETTING THE TAX RATE

The process of setting the tax rate involves a number of steps. Assessors first determine the value of each parcel of property and classify all property into four classes of real and personal property. The classes of real property are residential, open space, commercial and industrial. Once Assessors have calculated the total assessed value of all real and personal property, they submit the Total Valuation of all property (FORM LA-4) to the Division of Local Services. The Division determines and computes the minimum residential factor for the community. This information is sent to the Board of Assessors on the Minimum Residential Factor Computation Form (FORM LA-7) with a blank copy of the Tax Allocation Form (FORM LA-5). There must then be a public hearing to decide whether or not all classes of property should be taxed at the same rate.

Chapter 40, Section 56 allows communities to tax commercial and industrial real property and personal property at a higher rate than residential and open space real property. At the public hearing, the Board of Assessors presents information on the fiscal effects of the various alternatives. After input from interested citizens, the Board of Selectmen, Town Council, or the City Council, with approval from the Mayor, makes the decision of whether to tax all classes of property at the same rate.

Chapter 3 of the Acts of 2004 provides relief for those communities in which the maximum shift results in a residential share which is larger than that of the prior year. For those communities, the limits have been raised. They may increase the C.I.P. share of the levy by 175.000% if the residential class is not reduced to less than 50% of its share. This new residential share cannot be less than the residential share in any year since the community's values were first certified at full and fair cash value.

TAX RATE RECAPITULATION INFORMATION

CITY OF NORTH ADAMS – Property Tax Levy

The property tax levy is the revenue a community can raise through real & personal property taxes.

**YEAR OVER YEAR COMPARISON OF VALUATIONS & TAX LEVIES
SINCE 2002**

<i>YEAR</i>	<i>VALUATION</i>	<i>TAX LEVY</i>
2002	\$439,771,350	\$7,906,485
2003	\$445,769,750	\$8,155,380
2004	\$507,137,872	\$8,555,000
2005	\$553,363,255	\$8,856,420
2006	\$598,703,101	\$9,199,382
2007	\$659,151,904	\$9,652,561
2008	\$722,842,694	\$10,552,561
2009	\$731,941,734	\$11,052,561
2010	\$727,183,465	\$11,601,589
2011	\$714,355,943	\$12,854,165
2012	\$705,835,314	\$13,241,152
2013	\$710,245,944	\$13,698,055

City of North Adams
Relationship of Class Values

ASSESSED VALUATIONS - FY2012 VS. FY2013

	FY12	FY13	INCR/ DECR
Class 1 Residential	\$551,439,312	\$550,494,039	\$(945,273)
Class 2 Open Space	\$ -	\$ -	\$ -
Class 3 Commercial	\$102,416,830	\$103,891,550	\$1,474,720
Class 4 Industrial	\$24,956,712	\$24,596,362	\$(360,350)
Class 5 Personal Property	\$27,022,460	\$31,263,993	\$4,241,533
TOTAL	\$705,835,314	\$710,245,944	\$4,410,630

PERSONAL PROPERTY TAX CODE SUMMARY REPORT FY 2011

Tax Code	Description	# of Accounts	Total Value
501	Individual, Partnerships, Trusts	143	\$ 2,071,752
502	Corporations (Domestic & Foreign)	192	\$ 9,702,941
503	Manufacturing Corporations	0	\$ -
504	Locally Assessed Utilities	3	\$ 154,655,300
505	DOR Assessed Telephone Co.	2	\$ 3,650,500
506	DOR Assessed Gas Pipeline Co.	1	\$ 142,500
508	Locally Assessed Wireless Co.	4	\$ 230,770
Totals for FY 2013		345	\$ 31,263,993
Totals for FY 2012		344	\$ 27,022,460
Difference		+1	\$ 4,414,213

TAX BASE GROWTH SUMMARY - FISCAL 2013

New construction, additions, alternations and business improvements.

	Allowable Adjustments	Value X Tax Rate
Residential	\$1,999,000	\$29,625
Open Space	\$-	\$-
Commercial	\$657,900	\$21,599
Industrial	\$91,700	\$3,011
Personal Property	<u>\$2,067,170</u>	<u>\$67,865</u>
TOTAL NEW GROWTH	\$4,815,770	\$122,100

New growth value based upon FY2012 tax rates of \$14.82 for R & O and \$32.83 C.I.P.

TAX RATES SINCE FISCAL 2002

FISCAL YEAR	R&O	C.I.P.
2002	14.33	28.31
2003	14.69	28.22
2004 (Reval Year)	13.28	27.50
2005	12.22	28.76
2006	11.57	28.98
2007 (Reval Year)	11.13	26.62
2008	11.32	26.72
2009	11.71	27.03
2010 (Reval Year)	12.44	27.92
2011	14.00	31.49
2012	14.82	32.83
2013 (Reval Year)	15.31	32.98

R & O = RESIDENTIAL AND OPEN SPACE

C.I.P. = COMMERCIAL, INDUSTRIAL AND PERSONAL PROPERTY

IF A SINGLE TAX RATE WERE CHOSEN FOR FY 2013 IT WOULD BE \$19.29

This hearing requires a vote on the ADOPTION OD A RESIDENTIAL FACTOR pursuant to MGL Chapter 40 Sec. 56.

Below are factor & tax option to consider:
 Tax burden CIP shift can be up to 175%.

RESIDENTIAL FACTOR

Fiscal Year 2013 tax Rate Options

Share Percentages						Levy Amounts						Estimated Tax Rates						
CIP Shift	Res Factor	Res	OS	Com	Ind	PP	Total	Res	OS	Com	Ind	PP	Total	Res	OS	Com	Ind	PP
1.71	79.3960	61.5379	0.00	25.0131	5.9219	7.5272	100	8,429,491	0.00	3,426,309	811,180	1,031,076	13,698,055	15.31	0.00	32.98	32.98	32.98

VALUATION BASE SINCE 2009

CLASS:	2009	2010	2011	2012	2013
Class 1 Residential	\$569,989,276	\$562,104,232	\$551,223,772	\$551,439,312	\$550,494,039
Class 2 Open Space *	\$ -	\$ -	\$ -	\$ -	\$ -
Class 3 Commercial	\$102,130,248	\$105,965,641	\$105,006,719	\$102,416,830	\$103,891,550
Class 4 Industrial	\$27,677,280	\$25,940,412	\$25,366,412	\$24,956,712	\$24,596,362
Class 5 Personal Property	\$32,144,930	\$33,173,180	\$32,759,040	\$27,022,460	\$31,263,993
TOTAL	\$731,941,734	\$727,183,465	\$714,355,943	\$705,835,314	\$710,245,944

*
Because North Adams has not adopted formal guidelines for the designation of Open Space the DOR has requested the City consolidate the land into other land classification codes. For the purpose of this report, commencing with FY 2007, Open Space values have been consolidated to Class 1 Residential values.

EXCESS LEVY CAPACITY: FISCAL YEAR 2012

FY 2013 Maximum Allowable Tax Levy: \$13,698,055.00

Net amount to be raised by taxation as
appears on Page 1, Item 1 - d of State Tax
Form 31C. Tax Rate Recapitulation Sheet. \$13,687,610.46

EXCESS LEVY CAPACITY: \$10,444.54

DEPARTMENT OF REVENUE
BUREAU OF ACCOUNTS
CLASSIFICATION TAX ALLOCATION
NORTH ADAMS

City / Town / District
Fiscal Year : 2013

Return to : Bureau of Accounts, Boston, Springfield, Worcester

1. The selected Residential Factor is ----- 0.793960

If you desire each class to maintain 100% of its full values tax share,
indicate a residential factor of "1" and go to question 3.

2. In computing your residential factor, was a discount granted to Open Space ?

Yes _____ No X

If Yes, what is the percentage discount ? _____

3. Was a residential exemption adopted ?

Yes _____ No X

If Yes, please complete the following :

<u>Class 1 Total Assessed Value</u>	=	<u>550,494,039</u>	X	<u>0</u>	=	<u> </u>
Class 1 Total Parcel Count *		0		Selected Res. Exemption %		Residential Exemption

* Include all parcels with a Mixed-Use Residential designation

Applicable number of parcels to receive exemption 0

Net value to be exempted 0

4. Was a small commercial exemption adopted ?

Yes _____ No X

% Selected 0

If Yes, please complete the following :

No. of parcels eligible 0

Total value of parcels 0

Total value to be exempted _____

5. The following information was derived from the LA-7. Please indicate in column D percentages (accurate to 4 digits to the right of the decimal point) which result from your selected residential factor (If a residential factor of "1" has been selected you may leave Column D blank)

A	B	C	D
Class	Certified Full and Fair Cash Value Assessments	Percentage Full Value Shares of Total Tax Levy	New Percentage Shares of Total Tax Levy
Residential	550,494,039.00	77.5075 %	61.5379 %
Open Space	0.00	0.0000 %	0.0000 %
Commercial	103,891,550.00	14.6275 %	25.0130 %
Industrial	24,596,362.00	3.4631 %	5.9219 %
Personal Property	31,263,993.00	4.4019 %	7.5272 %
TOTAL	710,245,944.00	100.0000 %	100.0000 %

NOTE : The information is preliminary and is subject to change.

6. I hereby attest that notice was given to taxpayers that a public hearing on the issue of adopting the tax levy percentages for fiscal year 2013 would be held on (date), (time), at (place), by (describe type of notice).

City/Town/District Clerk

7. We hereby attest that on (date), (time), at (place) a public hearing on the issue of adopting the percentages for fiscal year 2013, that the Board of Assessors presented information and data relevant to making such determination and the fiscal effect of the available alternatives at the hearing and that the percentages set forth above were duly adopted in public session on (date).

8. The LA-5 excess capacity is calculated as 10,444.54
We have been informed by the Assessors of excess levy capacity of 10,444.54

For cities : City Councilors, Aldermen, Mayor
For towns : Board of Selectmen
For districts : Prudential Committee or Commissioners

_____	_____	_____
	(Date)	(Comments)
_____	_____	_____
	(Date)	(Comments)
_____	_____	_____
	(Date)	(Comments)
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	(Date)	(Comments)
_____	_____	_____
	(Date)	(Comments)

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
FISCAL 2013 TAX LEVY LIMITATION FOR
NORTH ADAMS
FOR BUDGET PLANNING PURPOSES

I. TO CALCULATE THE FY2011 LEVY LIMIT

A. FY2011 Levy Limit	12,854,941
A1. ADD Amended FY2011 Growth	0
B. ADD (IA + IA1) X 2.5%	321,374
C. ADD FY2012 New Growth	68,519
C1. ADD FY2012 New Growth Adjustment	0
D. ADD FY2012 Override	0
E. FY2012 Subtotal	13,244,834
F. FY2012 Levy Ceiling	17,645,883

I. \$ 13,244,834
FY2012 Levy Limit

II. TO CALCULATE THE FY2013 LEVY LIMIT

A. FY2012 Levy Limit from I.	13,244,834
A1. ADD Amended FY2012 Growth	0
B. ADD (IIA + IIA1) X 2.5%	331,121
C. ADD FY2013 New Growth	122,100
C1. ADD FY2013 New Growth Adjustment	0
D. ADD FY2013 Override	0
E. FY2013 Subtotal	13,698,055
F. FY2013 Levy Ceiling	17,756,149

II. \$ 13,698,055
FY2013 Levy Limit

**III. TO CALCULATE THE FY2013
MAXIMUM ALLOWABLE LEVY**

A. FY2013 Levy Limit from II.	13,698,055
B. FY2013 Debt Exclusion(s)	0
C. FY2013 Capital Expenditure Exclusion(s)	0
D. FY2013 Stabilization Fund Override	0
E. FY2013 Other Adjustment	0
F. FY2013 Water / Sewer	0
G. FY2013 Maximum Allowable Levy	\$ 13,698,055

FY2012			FY2013		
Class	Value	Percentage	Class	Value	Percentage
Residential	\$551,439,312	78.1258%	Residential	\$550,494,039	77.5075%
Open Space	\$0	0.0000%	Open Space	\$0	0.0000%
Commercial	\$102,416,830	14.5100%	Commercial	\$103,891,550	14.6275%
Industrial	\$24,956,712	3.5358%	Industrial	\$24,596,362	3.4631%
Pers. Prop.	\$27,022,460	3.8284%	Pers. Prop.	\$31,263,993	4.4019%
Total	\$705,835,314	100.0000%	Total	\$710,245,944	100.0000%

Year over Year Levies and Tax Rates

Fiscal Year	Levy	% of Levy Inc.	Residential	Commercial	CIP SHIFT	Estimated Avg. tax bill	Avg. valuation (in thousands)	Avg. annual dollar increase
FY2005	\$8,856,420	3.50%	\$12.22	\$18.76	1.75	\$1,375.00	\$112.6	\$27.00
FY2006	\$9,199,382	3.90%	\$11.57	\$28.98	1.75	\$1,403.00	\$121.3	\$51.00
FY2007-R	\$9,652,561	4.90%	\$11.13	\$26.62	1.75	\$1,453.00	\$130.6	\$51.00
FY2008	\$10,552,561	9.30%	\$11.32	\$26.72	1.75	\$1,633.00	\$144.3	\$179.00
FY2009	\$11,052,561	4.70%	\$11.72	\$27.03	1.75	\$1,694.00	\$144.6	\$62.00
FY2010-R	\$11,601,589	5.00%	\$12.44	\$27.92	1.75	\$1,727.00	\$138.9	\$33.00
FY2011	\$12,854,165	10.70%	\$14.00	\$31.49	1.75	\$1,897.00	\$135.5	\$169.00
FY2012	\$13,241,152	3.00%	\$14.82	\$32.83	1.75	\$2,008.00	\$135.5	\$111.00
FY2013-R	\$13,698,055	3.45%	\$15.31	\$32.98	1.71	\$2,071.00	\$135.3	\$63.00

R = Reval year