

AD HOC TAXATION/ASSESSMENT ADVISORY COMMITTEE MEETING

May 21, 2012, 8:30AM, Library Meeting Room

1. Call to order

Meeting called to order at 8:33 A.M. by Bob Manchester.

Present were Committee Members Robert Manchester (chairman), Bob Dillon, Joel Hellmann, Don Nessing and Joop Nagtegaal (secretary). Also present were Michael Minardi, tax assessor, Peter DeAngelis, town manager, and special guest Dr. Harvey Waxman.

2. Approve Minutes of May 7, 2012 Meeting.

The minutes of the meeting of May 7, 2012 were approved with one correction upon a motion duly made and seconded.

3. Public Comments

Matthew Asaro of 37 Ferry Lane noted that his field card had many errors on it, and he hoped that these would be corrected and that he would not have to go to court. Bob Manchester responded that the ad hoc committee does not handle appeals, but that Mr. Asaro would be welcome to attend the meeting.

4. Alternative Approach to Property Tax Assessment – Dr. Harvey Waxman

Dr. Waxman gave a presentation that started out stating he had examined and compared the Barrington tax rolls from 2008 and 2009. After he adjusted the 2009 taxes so that the total hypothetical 2009 tax roll would be the same as the total 2008 tax roll, he observed that 41% of the properties in Barrington saw a (often substantial) tax increase, whereas 59% of the properties saw a (often substantial) tax decrease. He stated that in his opinion this did not make sense.

He then explained his approach, which would change the “property tax” to a “property owner’s tax”. He said that the concept of a property tax made sense historically because in an agricultural society the value of the property was linked to (and largely determined by) the income it produced. However, in our modern day society that link has

disappeared, and it no longer makes sense to tax a property based on its current value. So in his approach the initial tax on a particular property would be based on the value of the property when it is acquired. For subsequent years, the tax for all properties that did not change hands or had undergone changes would be change by the same percentage, dependent on the change in the town's budget.

Dr. Waxman explained how the tax would be determined for a new owner of a property. It requires both an accurate initial assessment of the property (in most cases this would be the purchase price) as well as a total value of all taxable properties in town, and the total tax to be collected by the town. The initial tax is then determined by the simple formula

$$\text{initial tax} = (\text{total tax}) \times (\text{initial assessment}) / (\text{total value}).$$

Hence, there is no single tax rate for all properties.

Many questions were asked by various committee members, and a particular concern was expressed that in this new approach identical homes might be taxed differently, depending on when they were bought. Dr. Waxman agreed with that, but he pointed out that a buyer can calculate the initial tax based on the price he is paying, and that he is assured that there will be no large and unpredictable changes in the tax. When asked how we would transition from the current system to the proposed system, he said that the current assessment would have to be the starting point. Although that might not be equitable, at least a high or low initial assessment would not affect a new buyer since the tax for the new buyer would be determined independent from the tax the seller is paying.

Dr. Waxman handed out a brief sheet (attached), and referred to the website mentioned on the sheet for further information. The committee agreed that Dr. Waxman's proposal had merit, although it certainly would not eliminate all inequities. However, it would definitely bring stability to the taxes, which is an advantage. Bob Manchester thanked Dr. Waxman for his presentation.

5. Sales data 2010-2011

Bob Manchester said he had received the list of sales from the tax assessor. He will prune this list further and give it to David Coleman for review and also send a copy to Joop, who will present it to Patty Deal of Residential Properties for review.

6. Date of next meeting

No date was set for the next meeting.

7. Adjourn

The meeting was adjourned at 9:57 AM.

Respectfully submitted,

Joop Nagtegaal, Secretary

Handout from Dr. Waxman

Rhode Island Gets Honorable Taxation
R.I.G.H.T
<http://righttax.org>

Even with lower budgets
Even with accurate valuations
Property owners receive unfair taxes every year.

The RIGHT plan is the right thing to do because

- People will stop giving their tax dollars to other people instead of to the city
- It will cost less to do revaluations
- Towns won't have to increase budgets to cover assessment refunds
- Property tax increases should be tied to budgets
- It will make RI look tax smart and tax fair
- All owners will pay taxes relative to the needs of the tax levy
- Taxpayers will cease being taxed as winners and losers as they are now
- People will know that their taxes are fair
- New owners pay fair taxes the first year not three years later
- Existing owners are taxed fairly based on community needs
- We'll raise the same revenue as the current practice
- Business would prefer predictable and limited tax increases

We can make a difference. Support a conversation about real property tax reform.

Harvey Waxman DMD
73 Wright Lane
North Kingstown RI 02852

401 294 1236