

AD HOC TAXATION/ASSESSMENT ADVISORY COMMITTEE MEETING

APRIL 23, 2012, 8:30AM, Library Meeting Room

1. Call to order

Meeting called to order at 8:44 A.M. by Bob Manchester.

Present were Committee Members Robert Manchester (chairman), Joel Hellmann, and Joop Nagtegaal (secretary). Also present were Michael Minardi, tax assessor and Allan Booth, tax assessor in Newport. Committee member Donald Nessing and Bob Dillon were excused.

2. Approve Minutes of April 2, 2012 Meeting.

The minutes of the meeting of April 2, 2012 were approved without amendments upon a motion duly made and seconded.

3. Public Comments

There were no public comments.

4. Standards for Barrington Property Assessment

Bob Manchester welcomed Allan Booth and gave an introduction to the committee's preliminary thoughts about standards.

Allan Booth stated that it would be good to have standards and rules, but the rules should not be so rigid that it would distort values, in particular for unusual properties. Even more than Barrington, Newport has a wide variety of homes and indeed numerous exceptional homes, and judgment is often required to establish reasonable assessments for such homes.

A discussion then followed about what to do when there are very few or no sales in a particular neighborhood. Allan suggested that in that case it is best to look at historical price ratios between neighborhoods, and use those price ratios to help determine the assessments in neighborhoods without sufficient sales.

Allan then offered some historical perspective. He said that during the times property taxes were introduced, home sales prices were usually easy to calculate since basically the main factor in the price was the cost of the home itself. Currently, though, numerous other factors influence the price, such as location, water view and/or -access, preferences of the buyer and needs of the seller. This causes a much larger variation in sales prices than basic building costs.

Allan talked a bit about assessment processes elsewhere; in particular he mentioned Saskatchewan, where appeals are only allowed based on physical discrepancies (e.g. number of rooms, percentage of wetlands). There was general agreement that Barrington cannot be compared with Saskatchewan, so this was not pursued further. There was also a discussion of the role and motives of fee appraisers, in particular during the appeal process, but that topic did not have direct relevance for standards.

Bob set our objective is to create standards that help get the assessment as fair as possible. Allan then mentioned certain procedures followed in Massachusetts. The discussion then turned to definition of building grades. Allan mentioned that this often has to be a judgment call, particularly for older homes where the structure may have been built in multiple phases, often with much time in between. He also mentioned other, hard to quantify issues that can influence the sale price of a home, such as the flow, particular construction details, etc.

Bob mentioned that during the 2008 statistical revaluation, lots of changes were made in such parameters as grade, leading to many up & down changes in assessments. Alan said that it is important to make sure that the sales prices used to determine assessments in a particular neighborhood are reasonable. He then reiterated the usefulness of historical price ratios in case reasonable sales prices in a neighborhood are lacking.

Bob asked Allan what he thought about the usefulness of sales verification letters. Allan said that in his opinion they are not very useful. Most of the information in such letters is already available in various databases (such as MLS), and information that might be helpful is usually not given. In addition, the data provided by the buyer is often not reliable. He said he has used sales verification letters in the past, but now doesn't use them any more.

Allan said that as long as the law requires assessment based on the “fair market value”, assessment is never going to be formulaic, but requires subjective judgments. Assessment will be an art as well as a science.

Allan reiterated his view that the concept of a property tax based on assessment worked well and was simple to implement when it was introduced in 1880, but in current days it is much more complicated because so many additional, often subjective factors play a role in the value of a home. Moreover, the sensitivity of the homeowners has increased because of the increased reliance on property taxes in local communities.

Joop suggested that instead of focusing on standards that determine the property values directly, it might be better to develop standards for the procedures that need to be followed. Allan said that make some sense; actually he said that most of this would be just common sense.

The discussion then turned to affordable housing. Michael said that, because of State law as interpreted by the town, all the town can collect in taxes is 8% of the stated rent, and that this results in a fictitious assessment that is 1 bit more than a third of the actual value of the property. It was noted that this puts an additional burden on the other taxpayers.

A general discussion followed about the fairest way of taxation, which led to a further discussion about the approach proposed by Dr. Waxman. It was agreed that Bob Manchester would invite Dr. Waxman for presentation during the next meeting. Michael noted that Dr. Waxman usually wants a load of data of town data to include in his presentation so he can show examples. It was agreed that we didn't need that; the committee is knowledgeable enough to understand the implications. We really want to have a discussion with him about the pros and cons of his proposed approach.

5. Sales data 2010-2011

Bob Manchester said he had done anything with the data, so this topic was tabled.

6. Date of next meeting

Bob will contact Dr. Waxman to see when he is available and propose a date for the next meeting.

7. Adjourn

The meeting was adjourned at 10:17 AM.

Respectfully submitted,

Joop Nagtegaal, Secretary

DRAFT