

DRAFT

Town of Longmeadow, Tax Ceiling Task Force
Wednesday, April 29, 2020 7:00 PM
Meeting with Remote participation via ZOOM

Present:

Task Force members: Mark Gold, Peter Greenberg, Peter Landon, Robert O'Connell, Stephen Metz, Paul Pasterczyk, Armand Wray, Marie Angelides

Also Present: Dr. Marty O'Shea, Jennifer Metsch, Robin Frechette, Tom Dignazio (Finance Committee), Dave Marinelli.

Not available: Task Force members: Tom Mazza, Vern Bullock

The meeting was called to order at 7:00 pm by Committee Chair Mark Gold

Announcements: Mr. Gold announced the meeting was being held through remote participating based on the directive of Governor Charlie Baker during the COVID-19 pandemic. Each attendee was polled and responded in the affirmative that they could hear and be heard through the proceedings.

Mr. Gold noted that the meeting was called to have the task force consider the adoption of a warrant article for the 2020 Annual Town meeting that would begin the process of seeking legislative action to remove the current \$25 tax ceiling as stated in Mass General Law Chapter 59, Section 21C (Proposition 2 ½). Specifically, the Select Board has requested a recommendation as to whether the town should seek a removal of the tax ceiling or the ability to impose an alternative tax ceiling.

Participant Comments: Each participant was given the opportunity to ask a question or offer a comment prior to the discussion about the proposed warrant article.

Peter Greenberg asked Town CFO Paul Pasterczyk about the current status of the town's tax rate and what his prediction was regarding the tax rate over the next two to three years. In response, Mr. Pasterczyk noted that although there had been no current change in property evaluations, and any change to property valuations would not impact the town budget until FY2022, a property value reduction of 9% would be required to put the town at or above the \$25 tax ceiling. Mr. Pasterczyk noted that if this decline takes place, and expenses go up 2 to 2.5% over the next two to three years, the date at which the town hits the \$25 tax ceiling may be sooner than the previously predicted FY 2024 or FY2025.

Peter Landon reiterated that 2022 property values would be based on the 2020 and 2021 valuations, and suggested that the town should raise the tax ceiling to \$29.

Tom Dignazio asked that the Finance Committee has requested that in our communications to town residents on this topic we make clear that the town has taken other available steps to tighten the budget, including holding tax increases below the maximum allowed by Proposition 2 ½. Individually he expressed concern about the difficulty of presenting this complex topic to town residents.

Dr. Metz agreed with Mr. Landon that a new fixed tax ceiling should be set, and wanted to make sure there was a review of all town-wide programs to see other opportunities to reduce spending.

Jennifer Metsch noted that a formal town-wide educational program would be necessary to gain support of Longmeadow voters.

Armand Wray noted that whether we pursue the elimination of the tax ceiling or a revision to the tax ceiling, either will be a challenge to communicate to town residents. He expressed concern that raising the ceiling to \$29 (from the current \$25) offers only a temporary respite, and he prefers that the tax ceiling be removed. Mr. Wray also commented that the School Committee was looking at all aspects of the School Department budget, noting that to receive federal reimbursement, the CARES act requires that all employees be retained.

Robin Frechette echoed Ms. Metsch's comments about the need to educate town residents and asked what our timeline would be to do that education.

Marie Angelides commented that the Spring, 2020 town meeting would be the first time many residents would hear of the concern over the tax ceiling imposed by Proposition 2 ½, but passage now would allow the town to go to the State legislature and seek relief that may not come for two or more years. Although she'd like to have more time to educate town residents we may not have that luxury.

Dr. Metz expressed the opinion that we needed to bring this before town meeting this spring and not wait until the fall or future annual Town Meeting.

Robin Frechette noted the deliberative speed of legislation moving through the General Court, and added that the legislature's focus is currently on COVID-19 funding (the FY2021 state budget has not yet been approved). She opined that special legislation could take two (or more) sessions to work its way through the legislature.

Discussion and vote on the warrant article options: Prior to the meeting Mr. Gold distributed to participants two options that the town might pursue in seeking relief from the ceiling imposed by proposition 2 ½. These options were:

Option 1: Propose legislation that would allow the legislative body of a town to exempt itself from the \$25 tax ceiling imposed in paragraph C of MGL 59 Section 21C

Option 2: Propose legislation that would allow the legislative body of a town to establish a new tax ceiling in place of the current \$25 ceiling imposed in paragraph C of MGL 59 Section 21C.

Each participant was asked to identify the option they preferred and make other appropriate comments about the warrant articles.

Peter Greenberg commented that he favored Option 2, that the timing to propose this before the town could be optimal because of the perception of the fiscal crisis brought on by COVID-19, but reiterated that a good deal of education would need to take place to get this approved by town residents.

Tom Dignazio was looking for flexibility to raise the tax ceiling and noted that taxes only went up if voted upon by town residents.

Armand Wray noted that the issue is not the result of "a spending problem" by the town, but rather the result of property values. He was concerned that having to seek frequent Proposition 2 ½ ceiling adjustments would be tantamount to having a 2 ½ over-ride, and recommended we take this to town meeting this spring with a proposal to allow the local community to remove the tax cap ceiling.

Peter Landon recommended we move forward with this proposal for this Spring town meeting expressing his opinion that the issue has been exacerbated by the pattern of State aid to towns.

Paul Pasterczyk noted that if the tax cap ceiling were changed to \$28 or \$29, we'd likely be back to town meeting looking to change this in a couple of years. Noting that in our town meeting form of government, town residents annually get the opportunity to reduce taxes and/or spending. He recommends we pursue Option 1.

The chair called for a roll call vote on whether task force members preferred Option 1 or Option 2. Members voted as follows:

| | | | | | |
|--|-------------|----------------|----------------|-----------------|----------|
| Mr. Gold: | Option 1 | Mr. Greenberg: | Option 1 | Mr. Landon: | Option 1 |
| Mr. O'Connell: | Option 2 | Dr. Metz: | Option 2 | Mr. Pasterczyk: | Option 1 |
| Mr. Wray: | Option 1 | Ms. Angelides: | Option 2 | | |
| Not voting: Non-voting members and visitors: | | | | | |
| Mr. Dignazio | Ms. Metsch, | Dr. O'Shea, | Ms. Frechette, | Mr. Marinelli | |

The indication as that by a plurality of 5-3 the members of the task force favored the pursuit of Option 1, allowing a town to vote to exempt itself from the tax ceiling component of Proposition 2 1/2.

Comments about the proposal wording were:

- Change the name from "unlimited" - Include "removal of cap"
- Include "Local control" option - don't call this "elimination of proposition 2 ½"
- Need to get people to Town Meeting to vote as well as educating them (M. Angelides)
- The vote does not bind the town to a tax ceiling increase (P. Pasterczyk)
- Need to include in the educational material that this will take 1-2 legislative sessions (R. Frechette)

Organization for Education and Legislative support:

The chair asked for volunteers to participate in subcommittees to address the two issues identified as being necessary to support this legislative initiative. The two committees are:

Communications committee: Members will be Paul Pasterczyk, Dr. Stephen Metz, School Committee Representative, and Mark Gold

Legislative support committee: Members will be Peter Landon, Peter Greenberg, Mark Gold

Dr. Metz moved that the Task Force recommend to the Select Board that Option 1 (tax ceiling exemption) be placed on the warrant of the 2020 Longmeadow Annual Town Meeting. The motion was seconded by Mr. Landon. With no further discussion by roll call vote the motion passed 8-0. All voting members voted for this motion.

With no other business to come before the task force, the meeting Mr. Landon make a motion to adjourn, seconded by Mr. Greenberg and by roll call vote the motion to adjourn was passed 8-0. The meeting was adjourned at 8:04 PM.

Submitted,
Mark Gold
Task Force Chair

Documents to be considered part of these notes: Pre-meeting warrant options (attached)

The tax ceiling task force met on April 29th to consider the following two options to propose at the Longmeadow town meeting as a non-binding referendum. The recommendation of the task force will be presented to the Select Board at the May 4, 2020 meeting.

Version 1: Local Control tax ceiling option:

Shall the town of Longmeadow petition the General Court of the Commonwealth of Massachusetts to permit the town, subject to approval at a town-wide referendum vote, to exempt the town of Longmeadow from the requirements of paragraphs (b), (d), and (e) of Section 21C of Massachusetts General Law Chapter 59 by adding paragraph (f) as follows:

(f) The local appropriating authority of any city or town may, by two-thirds vote, seek voter approval at a regular or special election to accept this paragraph f, thereby rejecting the limit set forth in paragraph (b) and not be subject to it provided however that the question submitted shall be as follows:

"Shall the (city/town) of ___ adopt paragraph f of MGL Chap 59 section 21C thereby rejecting the 2.5% of assessed market value tax ceiling limit set forth in paragraph b of MGL Chap50 Sec 21C ?

Yes ___ No ___";

and provided, further, that said question shall be deemed approved if a majority of the persons voting thereon shall vote "yes".

This is the section of the “so-called” Proposition 2-1/2 law that limits the maximum tax that may be imposed on residents that are not exempt from these sections of the law to no more than 2.5% of assessed property value (mil rate of \$25 / \$1000 value). This petition does NOT request exemption from paragraphs (f) through (m) of section 21 of Massachusetts General Law (MGL) Chapter 59 , thereby continuing to restrict annual tax increase to no more than 102 ½ percent of the prior assessment of the maximum levy limit for the preceding fiscal year for same properties.

Version 2: Ceiling increase local option:

Shall the town of Longmeadow petition the General Court of the Commonwealth of Massachusetts to permit the town, subject to approval at a town-wide referendum vote, to set an alternative levy limit in Massachusetts General Law Chapter 59, Section 21C paragraph b by adding paragraphs c, d, as follows:

(f) The local appropriating authority of any city or town may, by two-thirds vote, seek voter approval at a regular or special election to change the limit set forth in paragraph(b) provided however that the question submitted shall be as follows:

"Shall the (city/town) of ___ be allowed to change its limit percentage from _____ to _____ so that the total real and personal property taxes assessed within the (city/town) of _____ under the provisions of M.G.L. c. 59 shall not exceed _____ per cent of the full and fair cash valuation in the (city/town) of _____?"

Yes ___ No ___";

and provided, further, that said question shall be deemed approved if a majority of the persons voting thereon shall vote "yes".

g). By following the procedure set forth in paragraph(c), a city or town may change the limit set forth in this paragraph (b).

Paragraph c of Section 21 of MGL Chapter 59 currently limits the maximum tax that may be imposed on residents that are not exempt from these sections of the law to no more than 2.5% of assessed property value (mil rate of \$25 / \$1000 value). This petition would allow the town to alter that limit from time to time through a Proposition 2-1/2 type over-ride but does NOT request exemption from paragraphs (f) through (m) of section 21 of Massachusetts General Law (MGL) Chapter 59 , thereby continuing to restrict annual tax increase to no more than 102 ½ percent of the prior assessment of the maximum levy limit for the preceding fiscal year for same properties.

REF: MGL Chap: 59 Sec 21C currently reads as follows:

(a) Definitions

(b) The total taxes assessed within any city or town under the provisions of this chapter shall not exceed two and one-half per cent of the full and fair cash valuation in said city or town in any fiscal year.

(c) There is currently no paragraph C

(d) Any city or town in which total taxes assessed exceed the limits set forth in paragraph (b) shall for each successive year until the total taxes assessed shall not exceed said limits, reduce the total taxes assessed by not less than fifteen per cent of the total taxes assessed for the year immediately preceding; provided, however, that the reduction pursuant to this paragraph shall not be so great as to require a reduction below the limits set forth in paragraph (b); and provided, further, that said reduction may be adjusted by those amounts approved in accordance with the applicable provisions of paragraph (e).

(e) The local appropriating authority of any city or town which is subject to the provisions of paragraph (d) may, by a two-thirds vote, seek voter approval to assess taxes in excess of the amount allowed pursuant to said paragraph (d) by a specified amount. Any question submitted to the voters shall be worded as follows:—

“Shall the (city/town) of ___ be allowed to assess an additional \$___ in real estate and personal property taxes for the fiscal year beginning July first, nineteen hundred and ___?”

YES NO”.