



CITY OF CAMBRIDGE

INTEROFFICE CORRESPONDENCE

To James L. Sullivan, City Manager,
Francis Duehay, Mayor,
Robert W. Healy, Deputy City Manager,
David Vickery, Assistant City Manager

Date June 8, 1981

From Board of Assessors

Reference

Subject Increased property valuation during
the 2½ transition period

There appears to be a misinterpretation of the effect of increases in property valuation over the next few years by many people within the City.

It has been stated that new property valuation will not help Cambridge because of the 2½ growth limit. This statement is not true in the years while your City is above the 2½ limit. New property valuation will help the City between 1981 and 1983 because the higher the valuation in 1983, the higher the property tax levy base will be or the less revenue the City will have to cut during the critical third year of the effects of Proposition 2½. It is a lot more helpful for the City to be growing at a higher valuation base than a lower one.

The following table shows the projected effects:

	<u>Year</u>	<u>ASMT Date</u>	<u>Projected Full Valuation</u>	<u>100% Tax Rate</u>	<u>Prop. Tax Levy</u>
	1. FY81	1 Jan. 1980	1.4 Billion	\$57.00	79,961,000
*reval. year	2. FY82	1 Jan. 1981	1.6 Billion	\$42.50	68 Million
	3. FY83	1 Jan. 1982	1.80 Billion	\$31.10	56 Million
	4. FY84	1 Jan. 1983	2.2 Billion	\$25.00	55 Million
*Levy with no value increase	5. FY84	1 Jan. 1983	1.6 Billion	\$27.50	44 Million
*Levy with 2½% growth	6. FY85	1 Jan. 1984	2.255 Billion	\$25.00	56.4 Million

Item 5 with 600 million less valuation shows 11 million less property tax revenue to meet city needs. It is financially advantageous to the City to increase its property valuation as high as possible before the Prop. 2½ growth cap applies in FY 85 based on the 2.2 billion valuation for FY 84.


As development increases the tax base, the result is an increase in the allowed property tax levy limit and lower tax bills for individual taxpayers.

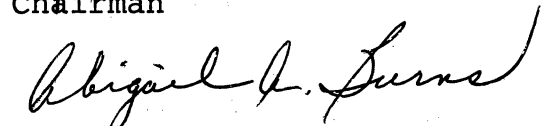
This interpretation of the 2½ law as it is now written, has been discussed and confirmed with representatives of the Department of Revenue.

If the legislature elects to make changes to any of the provisions of 2½, we will accordingly report those changes and subsequent effects to the Administration of the City.

Very truly yours,

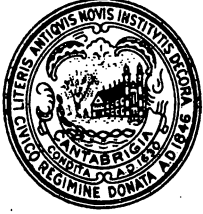
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CITY OF CAMBRIDGE

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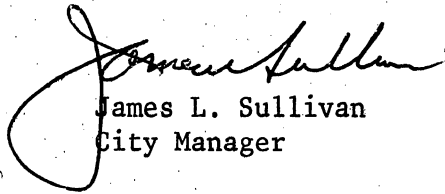
EXECUTIVE DEPARTMENT
JAMES L. SULLIVAN
City Manager

June 8, 1981

To the Honorable, the City Council:

Enclosed for your information is a copy of a report from the Board of Assessors relative to increased property valuation during the 2½ transition period.

Very truly yours,



James L. Sullivan
City Manager

JLS/mbf
Enc.

Agenda # 31

1981

Increased property value during 2½
transition period.

In City Council,

June 8, 1981

6/8/1981

Placed

on

File