4. The following information was derived from the LA-7.

| A | B | C | D |
|---|---|---|---|
| Class | Certified Full Cash Value of Assessments | Percentage Full Value Shares of Total Tax Levy | New Percentage Shares of Total Tax Levy |
| 1. Residential | 4,652,403,597 | 53.7049% | 34.9082% |
| 2. Open Space | 0 | | |
| 3. Commercial | 3,160,809,733 | 36.4867% | 51.3010% |
| 4. Industrial | 669,593,500 | 7.7294% | 10.8677% |
| 5. Personal Property | 180,100,000 | 2.0790% | 2.9231% |
| Totals | 8,662,906,830 | 100.0000% | 100.0000% |

5. 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 1991 would be held on, Sept. 17, 1990 (date), 8:55 P. M. (time), at Cambridge City Hall-Sullivan Chamber (place), by (describe type of notice) newspaper advertisement

Joseph E. Connarton
Clerk

6. It is hereby attested that on (date) (time), at (place) a public hearing was held on the issue of adopting the tax levy percentages for fiscal year 1991, that the Board of Assessors presented information and data relevant to making such a 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)

7. We have been informed by the Assessors of $ 7,363,741 excess levy capacity.

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

Walter J. Sullivan Kenneth E. Reeves Edward J. Sheehy Jr.
[illegible] Jonathan S. Myers Sheila T. Russell
Wm H Walsh [illegible] Alice K. Wolf

4. The following information was derived from the LA-7.

| A | B | C | D |
|---|---|---|---|
| Class | Certified Full Cash Value of Assessments | Percentage Full Value Shares of Total Tax Levy | New Percentage Shares of Total Tax Levy |
| 1. Residential | 4,652,403,597 | 53.7049% | 34.9082% |
| 2. Open Space | 0 | | |
| 3. Commercial | 3,160,809,733 | 36.4867% | 51.3010% |
| 4. Industrial | 669,593,500 | 7.7294% | 10.8677% |
| 5. Personal Property | 180,100,000 | 2.0790% | 2.9231% |
| Totals | 8,662,906,830 | 100.0000% | 100.0000% |

5. 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 1991 would be held on, Sept. 17, 1990 (date), 8:55 P. M. (time), at Cambridge City Hall-Sullivan Chamber (place), by (describe type of notice) newspaper advertisement

Joseph E. Connarton
Clerk

6. It is hereby attested that on (date) (time), at (place) a public hearing was held on the issue of adopting the tax levy percentages for fiscal year 1991, that the Board of Assessors presented information and data relevant to making such a 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)

7. We have been informed by the Assessors of excess levy capacity. $ 7,363,741

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

4. The following information was derived from the LA-7.

| A | B | C | D |
|---|---|---|---|
| Class | Certified Full Cash Value of Assessments | Percentage Full Value Shares of Total Tax Levy | New Percentage Shares of Total Tax Levy |
| 1. Residential | 4,652,403,597 | 53.7049% | 34.9082% |
| 2. Open Space | 0 | | |
| 3. Commercial | 3,160,809,733 | 36.4867% | 51.3010% |
| 4. Industrial | 669,593,500 | 7.7294% | 10.8677% |
| 5. Personal Property | 180,100,000 | 2.0790% | 2.9231% |
| Totals | 8,662,906,830 | 100.0000% | 100.0000% |

5. 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 1991 would be held on, Sept. 17, 1990 (date), 8:55 P. M. (time), at Cambridge City Hall-Sullivan Chamber (place), by (describe type of notice) newspaper advertisement

Joseph E. Connarton
Clerk

6. It is hereby attested that on (date) (time), at (place)_ a public hearing was held on the issue of adopting the tax levy percentages for fiscal year 1991, that the Board of Assessors presented information and data relevant to making such a 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)

7. We have been informed by the Assessors of $ 7,363,741 excess levy capacity.

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

Walter J. Sullivan Kenneth E. Reeves Edward J. Toomey Jr.
Alice K. Wolf Jonathan S. Myers Sheila T. Russell
Wm H Walsh

4. The following information was derived from the LA-7.

| A | B | C | D |
|---|---|---|---|
| Class | Certified Full Cash Value of Assessments | Percentage Full Value Shares of Total Tax Levy | New Percentage Shares of Total Tax Levy |
| 1. Residential | 4,652,403,597 | 53.7049% | 34.9082% |
| 2. Open Space | 0 | | |
| 3. Commercial | 3,160,809,733 | 36.4867% | 51.3010% |
| 4. Industrial | 669,593,500 | 7.7294% | 10.8677% |
| 5. Personal Property | 180,100,000 | 2.0790% | 2.9231% |
| Totals | 8,662,906,830 | 100.0000% | 100.0000% |

5. 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 1991 would be held on, Sept. 17, 1990 (date), 8:55 P. M. (time), at Cambridge City Hall-Sullivan Chamber (place), by (describe type of notice) newspaper advertisement

Joseph E. Connarton
Clerk

6. It is hereby attested that on (date) (time), at (place)_ a public hearing was held on the issue of adopting the tax levy percentages for fiscal year 1991, that the Board of Assessors presented information and data relevant to making such a 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)

7. We have been informed by the Assessors of $ 7,363,741 excess levy capacity.

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

Walter J. Sullivan Kenneth E. Reeves Frank J. Toomey Jr.
Alice K. Wolf Jonathan S. Myers Sheila T. Russell
Wm H Walsh Edward Cyr

4. The following information was derived from the LA-7.

| A | B | C | D |
|---|---|---|---|
| Class | Certified Full Cash Value of Assessments | Percentage Full Value Shares of Total Tax Levy | New Percentage Shares of Total Tax Levy |
| 1. Residential | 4,652,403,597 | 53.7049% | 34.9082% |
| 2. Open Space | 0 | | |
| 3. Commercial | 3,160,809,733 | 36.4867% | 51.3010% |
| 4. Industrial | 669,593,500 | 7.7294% | 10.8677% |
| 5. Personal Property | 180,100,000 | 2.0790% | 2.9231% |
| Totals | 8,662,906,830 | 100.0000% | 100.0000% |

5. 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 1991 would be held on, Sept. 17, 1990 (date), 8:55 P. M. (time), at Cambridge City Hall-Sullivan Chamber (place), by (describe type of notice) newspaper advertisement

Joseph E. Connarton
Clerk

6. It is hereby attested that on (date) (time), at (place)_ a public hearing was held on the issue of adopting the tax levy percentages for fiscal year 1991, that the Board of Assessors presented information and data relevant to making such a 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)

7. We have been informed by the Assessors of $ 7,363,741 excess levy capacity.

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

Walter J. Sullivan Kenneth E. Reeves Thomas J. Toomey Jr.
[illegible] Jonathan S. Myers Sheila T. Russell
Wm H Walsh [illegible] Alice K. Wolf

State Tax Form 31C

THE COMMONWEALTH OF MASSACHUSETTS

Department of Revenue

# TAX RATE RECAPITULATION OF

FISCAL **1991**

Cambridge
City or Town

## I. TAX RATE SUMMARY

A. Total Amount to be Raised (from IIE) ........ $ 272 613 552.74
B. Total Estimated Receipts and Other Revenue Sources (from IIIE) ........ 154 618 027.31
C. Tax Levy (IA minus IB) ........ $ 117 995 525.43
D. Distribution of Tax Rates and Levies ☐ Classified ☐ Unclassified

| (a) Class | (b) Levy Percentage (from LA-5) | (c) IC above times Each percent in col (b) | (d) Valuation by Class (from LA-5) | (e) Tax Rates (c)÷(d)×1000 | (f) Levy by Class (d)×(e)÷1000 |
|---|---|---|---|---|---|
| Residential | 34.9082 | 41,190,114.01 | 4,652,403,597<br>4,066,573,397 | 10.13 | 41,194,388.51 |
| Open Space | - | - | - | - | - |
| Commercial | 51.3010 | 60,532,884.51 | 3,160,809,733 | 19.15 | 60,529,506.39 |
| Industrial | 10.8677 | 12,823,399.71 | 669,593,500 | 19.15 | 12,822,715.53 |
| SUBTOTAL | | | | | |
| Personal | 2.9231 | 3,449,127.20 | 180,100,000 | 19.15 | 3,448,915 |
| TOTAL | 100% | | $ 8,662,906,830 | | $ 117,995,525.43 |

MUST EQUAL IC

Board of Assessors of CAMBRIDGE 9-19-90 498-9007
City or Town Date Tel. No.

1. [signature] 2. Kevin T. McDevitt [signature]

**Do Not Write Below This Line - For Department of Revenue Use Only**

Reviewed By ________ ________
Date ________
Tax Rate(s) I. ________
II. ________
III. - V. ________

FY91 Growth $ ________
FY91 Levy Limit $ ________
FY92 Base $ ________
FY91 Estimated Receipts $ ________
FY91 Overlay $ ________

________ Director of Accounts ________ Date

Form 1125C Hobbs & Warren Inc.
July 1, 1990

Approved by Commissioner of Revenue

## II. AMOUNT TO BE RAISED

A. APPROPRIATIONS (col. (b) through col. (e) from Schedule B, Page 4) .............. $262,150,802.31

B. OTHER AMOUNTS TO BE RAISED

1. Amounts certified for tax title purposes $________
2. Debt and interest charges not included in Schedule B ............ $________
3. Final court judgments ........................................ $________
4. Total overlay deficits of prior years ........................ $ 58,783.05
5. Total cherry sheet offsets (see cherry sheet 1-ER) .............. $ 940,605
6. Revenue deficits .............................................. $________
7. Offset receipts deficits Ch. 44, Sec. 53E ........................ $________
8. ________ ...... $________
9. ________ ...... $________

TOTAL B (Total lines 1 through 9) .................................. $ 999,388.05

C. STATE AND COUNTY CHERRY SHEET CHARGES (C.S. 1-EC cols. 1 and 2) ..... $ 6,467,837

D. ALLOWANCE FOR ABATEMENTS AND EXEMPTIONS (OVERLAY) ............ $ 2,995,525.38

E. TOTAL AMOUNT TO BE RAISED (Total IIA through IID) ...................... $272,613,552.74

## III. ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES

A. ESTIMATED RECEIPTS — STATE

1. Cherry Sheet Estimated Receipts (C.S. 1-ER Total Part D) ....... $ 39,477,175
2. Cherry Sheet Overestimates (C.S. 1-EC Part E col. 3) ........... $ 1,171

TOTAL A (Total Lines 1 and 2) .......................................... $ 39,478,346

B. ESTIMATED RECEIPTS — LOCAL

1. Local Receipts Not Allocated (Page 3, col. (b), Line 26) ......... $ 93,711,022
2. Offset Receipts (See Schedule A-1) ................................ $________
3. Enterprise Funds (See Schedule A-2) ................................ $________

TOTAL B (Total Lines 1 through 3) ...................................... $ 93,711,022

C. REVENUE SOURCES APPROPRIATED FOR PARTICULAR PURPOSES

1. Free Cash (Page 4, col. (c)) ....................................... $ 2,350,000
2. Other Available Funds (Page 4, col. (d)) ......................... $ 14,578,659.31

TOTAL C (Total Lines 1 and 2) ........................................... $ 16,928,659.31

D. OTHER REVENUE SOURCES APPROPRIATED SPECIFICALLY TO REDUCE THE TAX RATE

1. Free Cash....date of appropriation ( 9 /17 / 90 ) ............ $ 4,500,000
2. Municipal Light Source ............................................ $________
3. Other Source (Specify) ________ .......... $________

TOTAL D (Total Lines 1 through 3) ........................................ $ 4,500,000

E. TOTAL ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES (Total IIIA through IIID) ........................................... $154,618,027.31

## IV. SUMMARY OF TOTAL AMOUNT TO BE RAISED AND TOTAL RECEIPTS FROM ALL SOURCES

FILL IN AFTER PAGE 1 IS COMPLETE

A. TOTAL AMOUNT TO BE RAISED (from IIE) ................................ $272,613,552.74

B. TOTAL ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES (from IIIE) ........................ $154,618,027.31

C. TOTAL REAL AND PERSONAL PROPERTY TAX LEVY (from IC) . $117,995,525.43

D. TOTAL RECEIPTS FROM ALL SOURCES (TOTAL IVB plus IVC) ................ $272,613,552.74

**(IVA MUST EQUAL IVD)**

## SCHEDULE A. LOCAL RECEIPTS NOT ALLOCATED*

| | (a) Actual Receipts Fiscal — 1990 | (b) Estimated** Receipts Fiscal — 1991 |
|---|---|---|
| 1. Motor Vehicle Excise | $ 2,740,736 | $ 2,600,000 |
| 2. Other Excise | 2,597,233 | 2,400,000 |
| 3. Penalties and Interest on Taxes and Excises | 593,452 | 365,000 |
| 4. Payments in Lieu of Taxes | 2,305,758 | 1,500,000 |
| 5. Charges for Services — Water | 6,359,310 | 7,331,690 |
| 6. Charges for Services — Sewer | 10,182,371 | 9,660,005 |
| 7. Charges for Services — Hospital | 49,718,192 | 49,698,400 |
| 8. Charges for Services — Trash Disposal | 154,107 | 150,000 |
| 9. Other Charges for Services | | |
| 10. Fees | 336,936 | 274,600 |
| 11. Rentals | 159,043 | 140,880 |
| 12. Departmental Revenue — Schools | 100,201 | 100,000 |
| 13. Departmental Revenue — Libraries | 63,168 | 51,500 |
| 14. Departmental Revenue — Cemeteries | 220,856 | 328,500 |
| 15. Departmental Revenue — Recreation | 530,448 | 587,758 |
| 16. Other Departmental Revenue | 1,725,575 | 1,710,995 |
| 17. Licenses and Permits | 4,199,849 | 3,789,164 |
| 18. Special Assessments | | |
| 19. Fines and Forfeits | 435,744 | 471,000 |
| 20. Investment Income | 2,179,875 | 1,810,000 |
| 21. Parking Fund | 11,187,370 | 10,741,530 |
| 22. | | |
| 23. | | |
| 24. | | |
| 25. | | |
| 26. TOTALS | $ 95,790,224 | $ 93,711,022 |

I hereby certify that the actual receipts from the preceding fiscal year as shown in column (a) are, to the best of my knowledge and belief, true, correct and complete, and I further certify that I have examined the entries made on page 4 of the fiscal 1991 tax rate recapitulation form by the City or Town Clerk and hereby acknowledge that such entries correctly reflect the appropriations made and the sources from which such appropriations are to be met.

| 9/19/90 | Arthur F. Fitz | 498-9008 |
|---|---|---|
| Date | Accountant/Auditor | Telephone No. |

* Receipts voted by the City/Town Council or Town Meeting as offsets to the appropriation of a specific department listed on Schedule A-1 or fund on Schedule A-2 filed with and approved by the Director of Accounts must not be included in columns (a) or (b).

** If any estimate in column (b) is greater than the actual line item in column (a), factual support for the increase should be submitted in writing for approval of the Commissioner of Revenue.

**DO NOT WRITE BELOW THIS LINE - FOR DEPARTMENT OF REVENUE USE ONLY**

# SCHEDULE B. CERTIFICATION OF APPROPRIATIONS AND SOURCE OF FUNDING

| | | APPROPRIATIONS | SOURCES OF FUNDING | | | | |
|---|---|---|---|---|---|---|---|
| City/Town Council or Town Meeting Dates | FY* | (a) Total Appropriations Of Each Meeting | (b) ** From Raise and Appropriate (Tax Levy) | (c) From Free Cash See B-1 | (d) From Other Available Funds See B-2 | (e) From Offset Receipts and/or Enterprise Funds See A-1 See A-2 | (f) Memo Only Borrowing Authorization |
| 5/7/90 | 91 | $ 177,048,850 | $ 175,419,575 | $ | $ 1,629,275 | $ | $ |
| " | " | 4,121,970 | 4,121,970 | | | | |
| " | " | 51,937,865 | 51,937,865 | | | | |
| " | " | 7,856,935 | 7,856,935 | | | | |
| " | " | 7,621,095 | 5,557,625 | | 2,063,470 | | |
| | 90 | 8,663,309.55 | | 2,350,000 | 6,313,309.55 | see attached list | |
| | 91 | 4,795,224.76 | 222,620 | | 4,572,604.76 | see attached list | |
| | 91 | 105,553 | 105,553 | | | see attached list | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Totals | | $ 262,150,802.31 | $245,222,143 | $ 2,350,000 | $ 14,578,659.31 | $ | |
| | | Must Equal Cols. (b) thru (e) | | | | | |

* Enter in this column the fiscal year to which the appropriation relates, i.e., fiscal year 1990 or fiscal year 1991.

** Appropriations included in column (b) must not be reduced by local receipts (Schedule A) or any other funding source. Appropriations must be entered in Gross in order to avoid a duplication in the use of estimated or other sources of receipts.

I hereby certify that the foregoing appropriations and the provisions for meeting the same are as voted and correctly reflect the use of offset receipts and enterprise funds.

| CAMBRIDGE | 9/18/90 | Joseph E Connarton | 498-9017 |
|---|---|---|---|
| City/Town | Date | Clerk | Tel. No. |

C. C. 106

# City of Cambridge

MASSACHUSETTS

Agenda # 2A - $4,500,000 unreserved fund balance.

In City Council Sept. 17 1990

| | YEA | NAY | ABSENT | PRESENT | |
|---|---|---|---|---|---|
| Mr. Ed Cyr | ✓ | | | | |
| Mr. Francis H. Duehay | ✓ | | | | |
| Mr. Jonathan S. Myers | ✓ | | | | |
| Mr. Kenneth E. Reeves | ✓ | | | | |
| Mrs. Sheila T. Russell | ✓ | | | | |
| Mr. Walter J. Sullivan | ✓ | | | | |
| Mr. Timothy J. Toomey, Jr. | ✓ | | | | |
| Mr. William H. Walsh | ✓ | | | | |
| Mayor Alice K. Wolf | ✓ | | | | |
| | 9 | 0 | 0 | | |

C. Sullivan

MS

KR

Call

C. C. 106

# City of Cambridge

MASSACHUSETTS

Agenda # 2B - five property classes

In City Council Sept. 17 1990

| | YEA | NAY | ABSENT | PRESENT | |
|---|---|---|---|---|---|
| | | | | | |
| Mr. Ed Cyr | ✓ | | | | |
| Mr. Francis H. Duehay | ✓ | | | | |
| Mr. Jonathan S. Myers | ✓ | | | | |
| Mr. Kenneth E. Reeves | ✓ | | | | |
| Mrs. Sheila T. Russell | ✓ | | | | |
| Mr. Walter J. Sullivan | ✓ | | | | |
| Mr. Timothy J. Toomey, Jr. | ✓ | | | | |
| Mr. William H. Walsh | ✓ | | | | |
| Mayor Alice K. Wolf | ✓ | | | | |
| | 9 | 0 | | | |

C. C. 106

# City of Cambridge

MASSACHUSETTS

Agenda # 2C - Minimum residential factor of 65%

In City Council September 17 1990

| | | | | | |
|---|---|---|---|---|---|
| | YEA | NAY | ABSENT | PRESENT | |
| | | | | | |
| Mr. Ed Cyr | ✓ | | | | |
| Mr. Francis H. Duehay | ✓ | | | | |
| Mr. Jonathan S. Myers | ✓ | | | | |
| Mr. Kenneth E. Reeves | ✓ | | | | |
| Mrs. Sheila T. Russell | ✓ | | | | |
| Mr. Walter J. Sullivan | ✓ | | | | |
| Mr. Timothy J. Toomey, Jr. | ✓ | | | | |
| Mr. William H. Walsh | ✓ | | | | |
| Mayor Alice K. Wolf | ✓ | | | | |
| | 9 | 0 | 0 | | |

C. C. 106

# City of Cambridge

MASSACHUSETTS

AGENDA # 2D- 20% residential exemption
$10.13 ~~$10.15~~ - residential tax rate
$19.15 commercial, industrial & property tax rate

In City Council September 17 1990

| | YEA | NAY | ABSENT | PRESENT | |
|---|---|---|---|---|---|
| | | | | | |
| Mr. Ed Cyr | ✓ | | | | |
| Mr. Francis H. Duehay | ✓ | | | | |
| Mr. Jonathan S. Myers | ✓ | | | | |
| Mr. Kenneth E. Reeves | ✓ | | | | |
| Mrs. Sheila T. Russell | ✓ | | | | |
| Mr. Walter J. Sullivan | ✓ | | | | |
| Mr. Timothy J. Toomey, Jr. | ✓ | | | | |
| Mr. William H. Walsh | ✓ | | | | |
| Mayor Alice K. Wolf | ✓ | | | | |
| | 9 | 0 | 0 | | |

C. C. 106

# City of Cambridge

MASSACHUSETTS

Agenda # 2E Section 4 of Chapter 73 of Acts of 1986.

In City Council Sept. 17 1990

| | | | | | |
|---|---|---|---|---|---|
| | YEA | NAY | ABSENT | PRESENT | |
| | | | | | |
| Mr. Ed Cyr | ✓ | | | | |
| Mr. Francis H. Duehay | ✓ | | | | |
| Mr. Jonathan S. Myers | ✓ | | | | |
| Mr. Kenneth E. Reeves | ✓ | | | | |
| Mrs. Sheila T. Russell | ✓ | | | | |
| Mr. Walter J. Sullivan | ✓ | | | | |
| Mr. Timothy J. Toomey, Jr. | ✓ | | | | |
| Mr. William H. Walsh | ✓ | | | | |
| Mayor Alice K. Wolf | ✓ | | | | |
| | 9 | 0 | 0 | | |

# CAMBRIDGE ASSESSING DEPARTMENT CITY HALL 498-9007
# TAXPAYER INFORMATION

## "CLAUSE" EXEMPTIONS

The laws of the Commonwealth of Massachusetts provide for real estate tax relief for certain persons. Each category of tax relief is defined, and the allowable amount stated, in the various clauses of Chapter 59, Section 5 of General Laws. The table seen below and on the reverse side of this sheet summarizes who qualifies for these exemptions, and the amounts of the various exemptions.

State law also gives each City and Town the option of increasing the exemption up to double the amounts shown. For FY90, the Cambridge City Council has elected this option. The exemption amounts shown in the table are therefore base exemption amounts. They can be increased to double the amounts shown depending upon the amount each applicant's real estate tax bill has increased from FY89 to FY90.

**Certain deductions are allowed from the income limits shown** for each of the Clause exemptions. You should call or come into the Assessing Department in City Hall to find out details. The asset limits <u>do not</u> include the value of owner occupied condos, one, two, and three family houses.

**ELDERLY**

| CLAUSE NO. | BASIC QUALIFICATION | OTHER QUALIFICATION | INCOME LIMITS | ASSET LIMITS | $$$ AMOUNT |
|---|---|---|---|---|---|
| 17D | Age 70 or older | 1. Own/occupy property 5 years | none | $40,000 | $175 |
| 41C | Age 70 or older | 1. Own/occupy 5 years in Mass.<br>2. Mass. resident 10 years | (s)$13,000<br>(m)$15,000 | $28,000<br>$30,000 | $500 |
| 41A | Age 65 or older | 1. Own/occupy 5 years in Mass. | 20,000 | none | DEFER UP TO 100% |

**VETERANS**

| CLAUSE NO. | BASIC QUALIFICATION | OTHER QUALIFICATION | INCOME LIMITS | ASSET LIMITS | $$$ AMOUNT |
|---|---|---|---|---|---|
| 22 | a) 10% serivces connected disability or<br>b) Purple Heart or<br>c) Parents of veterans who lost life in war service | 1. Mass. resident 6 months prior to entering service or<br>2. 5 past years Mass. residency | none | none | $175 |
| 22A | a) loss or loss of use of one hand or foot or<br>b) loss of sight of one eye or<br>c) Congressional Medal of Honor or<br>d) Air Force Cross or<br>e) Navy Cross | 1. Mass. resident 6 months prior to entering service or<br>2. 5 past years Mass. residency | none | none | $350 |

Attachment

IV

| VETERANS | | | | | |
|---|---|---|---|---|---|
| CLAUSE NO. | BASIC QUALIFICATION | OTHER QUALIFICATION | INCOME LIMITS | ASSET LIMITS | $$$ AMOUNT |
| 22B | loss of two limbs or both eyes | 1. Mass. resident 6 months prior to entering service or<br>2. 5 past years Mass. residency | none | none | $700 |
| 22C | disability requires specially adapted housing | 1. Mass. resident 6 months prior to entering service or<br>2. 5 past years Mass. residency | none | none | $875 |
| 22E | 100% disability, 10% of which is service connected | 1. Mass. resident 6 months prior to entering service or<br>2. 5 past years Mass. residency<br>3. File V.A. Certificate annually<br>4. Unemployed for all of previous year | none | none | $525 |
| 8A of 58 | Paraplegic | 1. Mass. resident 6 months prior to entering service or<br>2. 5 past years Mass. residency<br>3. V.A. Certificate | none | none | 100% |

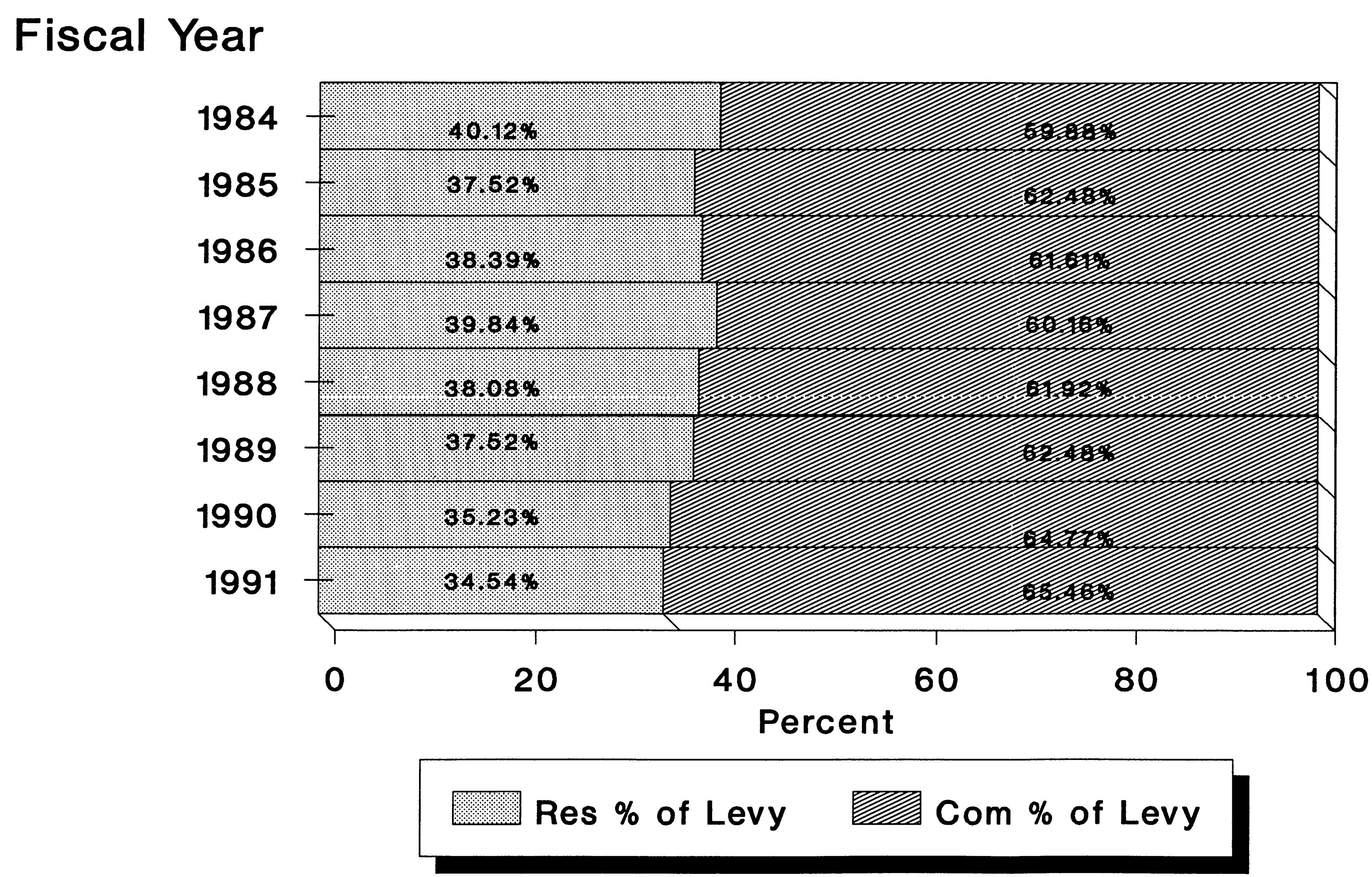
| SURVIVING SPOUSE | | | | | |
|---|---|---|---|---|---|
| CLAUSE NO. | BASIC QUALIFICATION | OTHER QUALIFICATION | INCOME LIMITS | ASSET LIMITS | $$$ AMOUNT |
| 17D | Surviving Spouse | none | none | $40,000 | $175 |
| 22 | Spouse of veteran serving 1917-1918 or held Victory Medal WW1 | 1. Not remarried<br>2. Own/occupy property 5 years | none | $20,000 | $175 |
| 22D | Spouse lost life at Quemoy or Matsu | 1. Not remarried<br>2. 5 years Mass. residency<br>3. Own/occupy property 5 years | none | none | $175 |
| 8A of 58 | Spouse of paraplegic due to wartime injury | 1. Not remarried<br>2. Certificate from V.A.<br>3. Own/occupy property 5 years | none | none | 100% |

| OTHERS | | | | | |
|---|---|---|---|---|---|
| CLAUSE NO. | BASIC QUALIFICATION | OTHER QUALIFICATION | INCOME LIMITS | ASSET LIMITS | $$$ AMOUNT |
| 17D | Minor | Parent are deceased | none | $40,000 | $175 |
| 37A | Legally blind | Verification from the Division of the Blind or from a physician | none | none | $500 |

**IF YOU THINK YOU MAY QUALIFY FOR ANY OF THE ABOVE EXEMPTIONS, DO NOT HESITATE TO CONTACT THE ASSESSING DEPARTMENT WITHIN THREE MONTHS FROM THE DATE THE BILL WAS MAILED.**

Attachment I

# CAMBRIDGE: Historic Levy Distributions

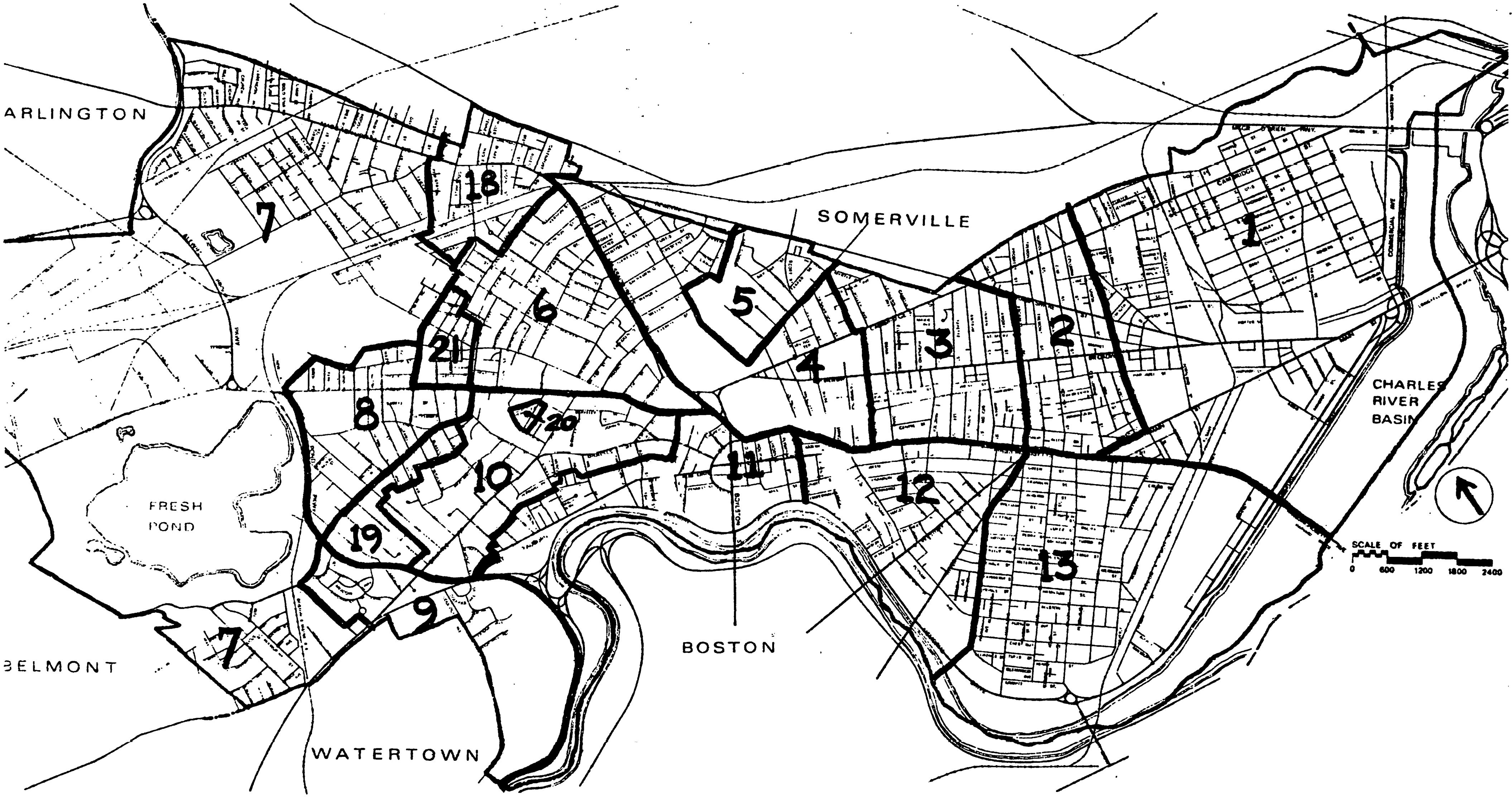


Attachment II

FY91 FINAL TRENDING FAC

| DIST | CLASS 101 | # | CLASS 104 | # | CLASS 105 | # | CLASS 102 | # | CLASS 111 | # | CLASS 112 | | CLASS 121 | CLASS 109 | CLASS 130,131 | CLASS 132 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.01 | 15 | 0.96 | 8 | 1.04 | 8 | 0.97 | 14 | 0.96 | 2 | 0.91 | | 0.91 | 0.96 | 0.91 | 1.01 |
| 2 | 0.92 | 7 | 1.11 | 12 | 1.01 | 5 | 0.97 | 3 | 0.99 | 3 | 0.91 | | 0.91 | 0.96 | 0.91 | 1.01 |
| 3 | 0.96 | 10 | 1.02 | 6 | 0.96 | 2 | 0.98 | 174 | 1.00 | 3 | 0.91 | 1 | 0.96 | 0.96 | 0.91 | 0.98 |
| 4 | 1.04 | 10 | 1.04 | 4 | 1.00 | 0 | 1.04 | 24 | 1.00 | 1 | 0.91 | 1 | 0.96 | 0.96 | 0.91 | 1.02 |
| 5 | 1.01 | 1 | 1.01 | 1 | 1.01 | 1 | 1.00 | 0 | 1.00 | 2 | 0.91 | | 0.96 | 0.96 | 0.91 | 1.01 |
| 6 | 0.96 | 4 | 0.93 | 3 | 0.93 | 0 | 1.02 | 42 | 1.00 | | 0.91 | 1 | 0.96 | 0.96 | 0.91 | 0.94 |
| 7 | 1.09 | 12 | 0.99 | 13 | 0.99 | 3 | 1.00 | 30 | 1.00 | 2 | 0.91 | | 0.96 | 0.96 | 0.91 | 1.02 |
| 8 | 1.03 | 4 | 1.06 | 8 | 1.01 | 1 | 0.99 | 0 | 1.00 | 2 | 0.91 | | 0.96 | 0.96 | 0.91 | 1.03 |
| 9 | 0.96 | 4 | 0.96 | 0 | 0.96 | 0 | 1.00 | 0 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 0.96 |
| 10 | 0.94 | 5 | 0.94 | 1 | 0.94 | 0 | 1.00 | 0 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 0.94 |
| 11 | 1.01 | 5 | 1.01 | 1 | 1.01 | 0 | 1.06 | 21 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 1.01 |
| 12 | 0.86 | 4 | 0.96 | 2 | 1.01 | 5 | 1.01 | 13 | 0.96 | 2 | 0.91 | 1 | 0.91 | 0.96 | 0.91 | 0.96 |
| 13 | 0.92 | 12 | 0.94 | 11 | 0.96 | 9 | 0.98 | 16 | 0.96 | 7 | 0.91 | 1 | 0.91 | 0.96 | 0.91 | 0.94 |
| 14 | 1.08 | 1 | 1.08 | 0 | 1.08 | 0 | 1.00 | 0 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 1.08 |
| 15 | 1.00 | 0 | 0.96 | 0 | 0.96 | 0 | 1.00 | 0 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 0.96 |
| 16 | 1.06 | 0 | 1.06 | 0 | 1.06 | 1 | 0.98 | 0 | 0.99 | | 0.91 | | 0.96 | 0.96 | 0.91 | 1.06 |
| 17 | 0.96 | 2 | 1.01 | 1 | 0.96 | 1 | 1.03 | 0 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 0.98 |
| 18 | 1.02 | 10 | 1.01 | 7 | 0.98 | 1 | 1.04 | 7 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 1.00 |
| 19 | 0.94 | 0 | 0.94 | 2 | 0.94 | 0 | 0.99 | 2 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 0.94 |
| 20 | 0.94 | 0 | ,94 | 0 | 0.94 | 0 | 1.01 | 1 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 0.94 |
| 21 | 0.91 | 4 | 0.96 | 1 | 0.96 | 0 | 1.02 | 4 | 1.00 | | 0.91 | | 0.96 | 0.96 | 0.91 | 0.94 |

# ASSESSMENT DISTRICTS - FY90

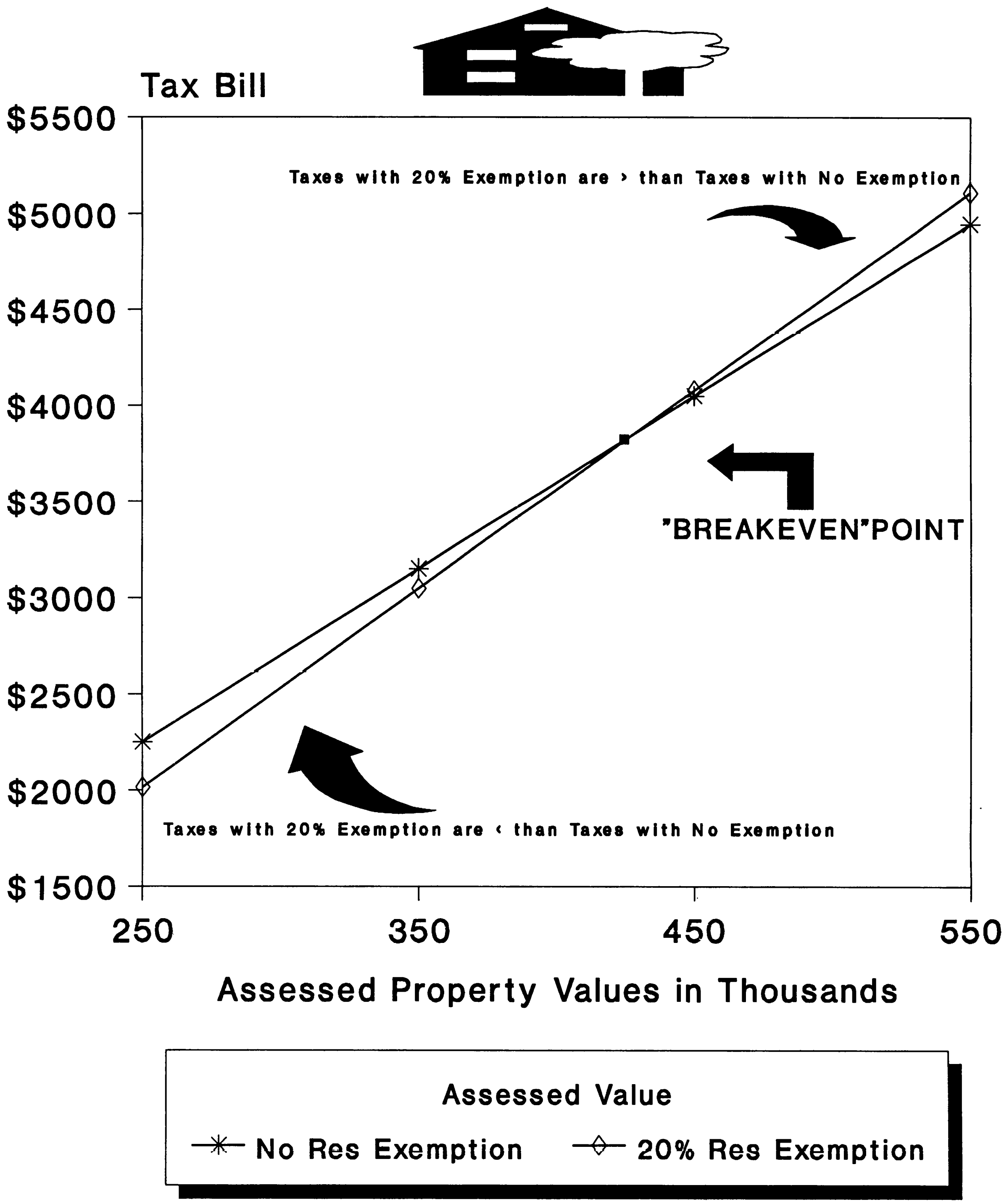



NOTES

District 14 - Charles Riverfront
District 15 - Grove & Blanchard Sts.
District 16 - St. Paul St
District 17 - Walden St between Mt Pleasant and Raymond
District 18: was part of District 7 until FY85
District 19: was part of District 4 until FY86

# RESIDENTIAL TAX EXEMPTION

"BREAKEVEN"POINT $427,300




Attachment III

CCM-101

# City of Cambridge

Agenda # 2A.

IN CITY COUNCIL
September 17, 1990

ORDERED: That the City Manager be and hereby is authorized to use $4,500,000 in unreserved fund balance as an offset to the fiscal year 1991 tax rate.

In City Council September 17, 1990.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- Joseph E. Connarton, City Clerk.

A true copy; Joseph E. Connarton

ATTEST:-

Joseph E. Connarton
City Clerk

CCM-101

# City of Cambridge

Agenda # 2B

IN CITY COUNCIL

September 17, 1990

ORDERED: That the City Council classify property within the City of Cambridge into five property classes allowed for the purpose of allocating the property tax levy.

In City Council September 17, 1990.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- Joseph E. Connarton, City Clerk.

A true copy; Joseph E. Connarton

ATTEST:-

Joseph E. Connarton
City Clerk

CCM-101

# City of Cambridge

Agenda #2C

IN CITY COUNCIL

September 17, 1990

ORDERED: That the City Council hereby adopt a minimum residential factor of 65%, the legal minimum permitted for Cambridge.

In City Council September 17, 1990.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- Joseph E. Connarton, City Clerk.

A true copy; Joseph E. Connarton

ATTEST:-

Joseph E. Connarton
City Clerk

CCM-101

# City of Cambridge

Agenda #2D

IN CITY COUNCIL

September 17, 1990

ORDERED: That the City Council approve a twenty (20) percent residential exemption for owner-occupied homes, which should result in a residential tax rate of $10.13, and a commercial, industrial and personal property tax rate of $19.15, upon approval by the Department of Revenue.

In City Council September 17, 1990.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- Joseph E. Connarton, City Clerk.

A true copy; Joseph E. Connarton

ATTEST:-

Joseph E. Connarton
City Clerk

CCM-101

# City of Cambridge

Agenda #2E

IN CITY COUNCIL

September 17, 1990

ORDERED: That the City Council in accordance with the General Laws, Section 4 of Chapter 73 of the Acts of 1986, hereby increase by 100% the normal value of statutory exemptions for fiscal year 1991.

In City Council September 17, 1990.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- Joseph E. Connarton, City Clerk.

A true copy; Joseph E. Connarton

ATTEST:-

Joseph E. Connarton
City Clerk

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9C11
FAX. 868-8159

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

September 17, 1990

To The Honorable, The City Council:

**RECOMMENDATIONS:**

1. That the City Council authorize the use of $4,500,000 in Unreserved Fund Balance to offset FY1991 expenditures as called for in the FY1991 adopted City Council budget.

2. That the City Council classify property within the City of Cambridge into the five classes allowed for the purposes of allocating the tax levy. It is further recommended that the City Council adopt a minimum residential factor of 65%, the legal minimum permitted for Cambridge.

3. That the City Council approve a 20% residential exemption for owner occupied homes, which should result in a residential tax rate of $10.32 and a commercial, industrial, and personal property tax rate of $19.34, upon approval by the Department of Revenue.

4. That the City Council, in accordance with the state law, vote to double the normal value of statutory exemptions for FY1991.

**SUMMARY:**

The establishment of the tax rate is the final step in the annual fiscal process that begins with the submission and adoption of the annual City budget. For FY1991, the adopted budget calls for a tax levy of $118 million, an increase of $8.5 million or 7.7% more than the FY1990 levy. While the tax levy increases by $8.5 million, I am pleased to report that newly constructed properties begun during stronger economic times will add $339,600,000 to the tax base and pay $5.6 million or 66% of the increase in the tax levy. In fact, as the table below points out, because of new development and classification, existing residential property, (property that was on tax roll in FY1990), will pay only $1 million of the total tax levy increase.

**TABLE I**
**Analysis of FY1991 Tax Levy Increase**
**(In Millions)**

| | |
|---|---|
| $4,507 | to be paid by new Commercial Properties |
| $1,893 | to be paid by existing Commerical Properties |
| $1,100 | to be paid by new Residential Properties |
| $1,000 | to be paid by existing Residential Properties |
| $8,500 | total FY1991 tax levy increase |

**ISSUES:**

Existing Values Down

For FY1991, the City has continued the policy of annually updating assessed values to reflect market trends which took place during the year preceding January 1, 1990. For FY1991 the total assessed value of the City has increased from 8,516,263,200 in FY1990 to 8,524,128,500, an increase of only $7.9 million. This small increase in total value contrasts greatly with the mid-1980's when the City's tax base grew by over 65% in one year alone (FY86 to FY87). The slight increase in total value is also slightly misleading because although both the direction and size of market trends in Cambridge varied by type of property and its location, the net result of value changes on existing residential and commercial properties is a decrease of 4% below prior year levels. Only when values for newly constructed properties are factored in, does the total value of taxable property in the City increase over FY1990. That table below illustrates the changes in value by property classification from FY1990 to FY1991.

**TABLE II**
**Analysis of Value Changes**
**(In Thousands)**

| | FY1990 | | FY1991 | **% decrease** |
|---|---|---|---|---|
| Commercial | 3,903,895 | Existing Commercial | 3,762,054 | -3.63 |
| Residential | 4,613,368 | Existing Residential | 4,422,436 | -4.14 |
| | 8,516,263 | Subtotal | 8,184,490 | -3.90 |
| | | New Commercial | 233,060 | |
| | | New Residential | 106,578 | |
| | | Total 91 Value | 8,524,128 | |

It should be further voted that state law requires that values reflect data as of January 1, 1990 and do not take into account any further decline in property values that may have occured since that date. Any changes since that date will be reflected in FY1992 values.

Increase in Levy Limit

As the City Council is aware, a State Law commonly referred to as Proposition 2 1/2 limits the annual increase in the property tax levy to 2 1/2% over the previous year, plus an allowance for taxes paid by newly constructed properties. For last year the City's legal levy limit under Proposition 2 1/2 was 117,178,052, which means that the legal base limit for the current year goes up 2,929,451 to 120,107,503. However, taxes paid by newly developed property will add $5,245,919 to the City's FY91 property tax limit bringing the FY1991 legal levy limit to $125,353,423, which is 7,353,423 above the FY91 levy.

**TABLE III**
**FY1991 Tax Levy Limit Calculation**
**(000's omitted)**

| | |
|---|---|
| FY90 Tax Limit | 117,178 |
| Plus 2 1/2% | 2,929 |
| Plus New Development Taxes | 5,246 |
| | 125,353 |

Effect on Property Owners:

Although net declines in values of existing residential and commercial properties were similar in percentage terms, the addition of $233 million in commercial value has had the effect of increasing the commercial proportion of the City's total value and of the tax levy. Last year, 35.2037% of the City's total levy was borne by residential property owners. This year, the percentage has declined to 34.536%. Attachment I shows the increasing commercial property absorption of the tax levy over the last eight years.

The result of the addition of $339 million to the FY1991 tax base and this increasing proportion of the tax levy to be paid by commercial property is that owners of existing residential properties will be receiving an overall tax increase of less that 4% even though the City's levy has increased by almost 8% from FY1990 to FY1991.

PROPOSED FY91 TAX RATES

| | COMMERCIAL | RESIDENTIAL |
|---|---|---|
| FY90 | 18.16 | 9.51 |
| FY91 | 19.34 | 10.32 |
| CHANGE | 1.18 | .81 |

The table below compares the average Citywide residential tax bills for FY1991 with the average FY1990 bills.

AVERAGE CITYWIDE TAX BILLS

| | FY1990 | FY1991 | $ CHANGE | % CHANGE |
|---|---|---|---|---|
| SINGLE FAMILY | $2,920 | $3,028 | $ 108 | 3.7% |
| TWO FAMILY | 2,363 | 2,509 | 146 | 6.2% |
| THREE FAMILY | 2,453 | 2,601 | 148 | 6.0% |
| CONDOMINIUMS | 1,135 | 1,271 | 136 | 12.0% * |
| 4 TO 8 UNITS | 2,298 | 2,332 | 34 | 1.5% |

* The relatively large increase for condos reflects the higher values of the 1,000 new condo units added for FY1991, rather than a substantial increase in values for existing condominium units.

Valuation Process:

Since its first revaluation in FY84 the City of Cambridge has had a policy of maintaining values at market levels on an annual basis. This policy has meant across-the-board value adjustments in years between state-certified triennial revaluations. As a result of the Department of Revenue's (D.O.R.) concern about the fiscal vulnerability of already hard-pressed cities and towns in a downtrending market, FY1991 was the first year that detailed review and approval by the D.O.R. has been required for all cities and towns which elected to adjust their values in a non-certification year. The following sections discuss the valuation process used, under the D.O.R. guidelines, to determine the adjustments made to previously certified values.

Residential Values:

The general approach of the interim revaluations for residential properties has been the development of trending factors, on an assessing district and property class basis, through sales ratio analysis.

For FY91 the City continued this methodology. However, the significant shift in the nature (and direction) of the real estate market over the past two years has painted the process in a different perspective than that prevailing for the prior seven or eight years. The shift in the direction of the market from its steadily upward direction was not dramatic during calendar 1989, the base year for the FY91 sales-ratio analysis. Rather, the pattern was very mixed by district and type of property. It can be summarized, however, that the market "levelled off" during the year, with activity slowing significantly and prices showing some downward drift as the year went on.

We examined 1990 sales through late spring for additional evidence which might clarify and quantify continuing market trends. For some classes and districts, this was useful. However, it appears that market activity slowed dramatically during the first half of 1990 so that the available data was quite limited.

One situation where 1990 sales were of critical usefulness was the valuation new luxury condominium developments. The city has six large projects of this type which were all completed in the middle two quaters of 1989. Not only did they hit a slowing and saturated market, they also ran into each other. Towards the end of 1989 sales slowed dramatically, while prices softened a bit. However, in the first quarter of 1990 these projects announced (or implemented) significant price decreases, which generated some new business, but also resulted in wide disparities among sales prices within the same building. These buildings were generally valued utilizing sales from July 1989 through June 1990, which reasonably captured the significant downward trend in values. (No other type of property or assessing district in the city demonstrated anywhere near the size of value decreases of these luxury condos.)

In addition to examining 1990 sales, we utilized other secondary sources of information to improve our reading of this difficult market. We applied a modified regression analysis to the FY90 one, two, and three family model; we re-examined 1988-1990 trends; and we carefully considered the change in values from FY89 to FY90. With regard to the latter, it must be noted that when values are adjusted annually, the most recent adjustment not only reflects current market conditions, but also compensates for statistical anomalies, unrepresentative data, and/or other inaccurancies which were hidden in the prior years' values. Thus, for example, FY91 trending factors which appear to be to some extent contrary to expectation (such as District 7, Class 101: 9% increase), find their counterweight in the valuation change from FY89 to FY90 (Unexpectedly down 3% for our example.)

Attachment II is a summary of the trend factors applied, along with a map showing Assessment District boundaries.

Commercial Values:

The calendar 1989 commercial real estate market indicated a downturn from the enthusiasm of 1986-1988. The 1986-1988 market had been heavily endowed with all levels of office space, with rental structures gearing up towards the high end.

By the time the assessment date of January 1, 1990 rolled around, several one-tenanted building were in trouble. These buildings were adjusted downward for FY91 depending on the capitalized income loss reflected in a re-analysis of the Discounted Cash Flow to include a two-three year lease-up period, retro-fits, free rent periods, typical of the market now. Base expenses were adjusted upward, because of new tenants.

The majority of office buildings are multi-tenanted. We found through a sampling of Income/Expense forms, that this particular class was stable during calendar 1989. This finding was backed up by the experiences of local real estate brokers. The sampling was a general mailing to approximately 32% of the commercial properties, requesting calendar 1989 income and expense data. The returned data showed that those leases which were renewed during the last half of 1988 and all of 1989 were either tied to the CPI or some other measure of inflation, giving nominal increases; or adjusted according to pre-determined increases also giving nominal step-ups. Having no sales in 1989 for the commercial condominiums, we turned to the real estate industry and called on real estate professionals in the Cambridge market. Purchase and Sale agreements were floating back and forth because of the financing difficulties for that class of property as a whole; (2) the asking prices were being reduced almost weekly; (3) the 1989 P&S agreements waiting for approval for financing showed a drop in per square foot selling price of 25% to 35%; and (4) the commercial condominiums still aren't moving. The developers had to market for rentals in order to cut costs. This class of commercial property was dropped across the board, building by building, depending on location and rental analysis of the rented units.

No major changes have been noted in the loan to value ratio required by lending institutions or the investment insurance industry. If anything, investors are not expecting the equity returns they have had in the past 5 years. This inversely would drop the capitalization rate and so tend to counterbalance any lack of appreciation through the next couple of years and until this slump ends.

The only other area of change is in raw land values where governmental activity has reduced the development potential of the land. Government activities include downzoning, IPOD extensions, and blockage of alternative development of land which the State wants for highway expansion.

## REQUIRED VOTES:

Before the City can submit a tax rate to the Department of Revenue for approval, the City Council must take action on several issues: authorize the use of $4.5 million in unreserved fund balance; vote on the issue of classification and minimum residential factor; vote on the matter of the owner occupied residential exemption; and determine the value of statutory exemptions for certain elderly, handicapped and military veterans. The following sections discuss those issues.

### I. Authorization of 4,500,000 in Free Cash

When the City Council adopted the FY1991 in May of this year, the financing plan called for $1,500,000 in Unreserved Fund Balance to offset General Fund expenditures and 3,000,000 to offset Capital Fund expenditures. This annual use of Unreserved Fund Balance has been in place since FY1986, and since that time a total of 25,410,000 in Unreserved Fund Balance has been appropriated by the City; 8,000,000 in General Fund expenditures, and 17,410,000 for Capital expenses. For the year which ended on June 30, 1990 the City has an unaudited Unreserved Fund Balance of $18,000,000 an increase of approximately $2,700,000 from the previous year. This increase is the result of the unexpected payment of $3,300,000 in previously withheld state aid. Cambridge received that state aid at the end of FY1990 after we had successfully reduced our FY1990 budget by that amount.

Historically, Cambridge has carefully managed its Unreserved Fund Balance and avoided the dangerous trap of setting a falsely low tax rate by using too much Fund Balance one year, only to have the tax rate dramatically escalate the next. This authorization maintains the City's conservative approach to the management of our reserve, a wise approach considering the state budget problems and the possible passage of a significant state tax reduction wich could decrease expected state aid to the city in the current fiscal year.

### II. Classification:

Since FY1984, the City Council has followed the state law which allows municipalities to classify property according to use for the purpose of allocating the property tax. Under this complicated statute, a city or town may elect to tax residential property at a rate as low as 65% of what it would be if all classes of property were taxed equally. This residential reduction factor which the city or town adopts is called the **minimum residential factor.**

In 1988, legislation was passed which allows residential property to be taxed at rate lower than 65% if the 65% formula would result in an increase in the residential portion of the tax levy. In FY1989, Cambridge adopted a minimum residential factor of 62.7177% under this statute. In FY1990 and again in FY1991, the adoption of a minimum residential factor of 65% results in a **decrease** in the percentage of the tax levy borne by the residential class. This is due to the greater amount of new commercial construction. Therefore, I am recommending that the City Council adopt the legal minimum residential factor of 65%, which will result in the lowest legal percentage of the tax levy to be borne by the residential class. Attachment I indicates the recent history of the percentage of the tax levy borne by the residential and commercial classes.

## III. Residential Exemption:

State law enables cities and towns to grant owner occupants of residential properties a deduction of up to 20% of the citywide average residential parcel value, off their assessed values before the tax rate is applied. I am recommending that the City Council adopt the maximum residential exemption of 20%, as it has done in the past. This will result in a deduction of $54,684 from the assessed value of each owner occupied property.

The residential exemption makes the residential levy a progressive tax. It is paid for by raising the residential tax rate sufficiently to cover the number of taxpayers claiming the residential exemption. There are currently 10,600 residential exemptions on the Assessing Department files. If Cambridge did not adopt a residential exemption, the residential tax rate would be $9.00. As a result, there is a "break-even point" at which the higher valued residential properties are assessed for higher taxes than would be the case if there were no residential exemption. Attachment III illustrates this for the 20% exemption which I am recommending.

## IV. Statutory Exemptions:

State legislation requires cities and towns to grant a variety of tax exemptions to elderly taxpayers, blind taxpayers, veterans, and surviving spouses who qualify by virtue of residency, income, and assets. The attached copy of the Assessing Department's Taxpayer Information Sheet on "Clause" Exemptions provides more detail about qualifications for the statutory exemptions (Attachment IV).

In 1987, new state laws were passed which authorized cities and towns to increase the amounts of these exemptions up to double the statutory amounts, for taxpayers whose tax bills have increased over the prior year's bill. The City Council must vote annually to increase the exemptions. I am recommending that the Council do this for FY91, as it has since FY1987.

**CONCLUSION:**

The total percentage of the tax burden that falls upon the residential property owners in Cambridge continues to fall. From a peak in the late 1970's when it is estimated that residential property owners paid 75% of the total property taxes in Cambridge, the residential burden in Cambridge falls to 34.5% in FY1991, less than half the level of 10 years ago. This dramatic decline in the property tax burden upon residential property owners in Cambridge is the result of three factors: (1) the unprecedented growth of the local economy during the 1980's, (2) the classification of property classes for the purpose of taxation, and, (3) conservative fiscal management.

Several factors make it difficult to predict what the tax burden will be for residential property owners in the future. While classification will remain in place, expansion of the City's tax base has slowed dramatically. If there is no expansion of the tax base in the future, the City will likely see some shift in the tax burden from commercial to residential property. The other factor is the City's fiscal management. While I believe this City has been extremely successful in positioning itself for the current economic hard times through a conservative fiscal approach, we have reached the point where further cuts will have to come from particular service areas rather than by reducing costs within existing programs (but not reducing services). There are 8% fewer employees today than there were 10 years ago yet we have been able to address most if not all the needs of our citizens. Without a combination of further expansion of the City's tax base and additional help from the state, it will be impossible to continue our services at their current levels. Unfortunately neither appears likely in the immediate future.

On top of our existing problems with the economy and state aid, Cambridge and all communities now face an even greater threat to our financial well being. Referendum question number 3, commonly referred to as the CLT Petition, would automatically cut the state budget and most certainly state aid to the City of Cambridge as well. The immediate impact upon Cambridge would be a revenue shortfall of unknown but significant proportions in the current fiscal year. Next year, because Cambridge is below the legal property tax levy limit, the City could have a choice: a significant increase in local property taxes, drastic reductions in services or a combination of both. The following year Cambridge would have no choice, service reductions would be needed unless there were some new form of revenue or a voters' override of Proposition 2 1/2 (which would only be good for one year).

It is not my desire to paint an overly bleak picture for the City's fiscal future, but a stagnant local tax base and cuts in state aid do not add up to long term fiscal health. As I have said above and on many other occasions, fortunately Cambridge has positioned itself to withstand the current economic hard times. Because of this we have been able to maintain the kind of active, caring government our citizens have come to expect. Now it appears that we are threatened with the possibility that we may not be able to control our own fiscal destiny. This is a matter that should be of grave concern for all of our citizens.

Very truly yours,

Robert W. Healy

Robert W. Healy
City Manager

Agenda # 2 F-469

Establishment of the tax rate and
relative information.

In City Council,

Sept. 17, 1990

5 Orders adopted

2A - 9-0-0
2B - 9-0-0
2C 9-0-0
2D 9-0-0
2E 9-0-0