

A joint meeting of the Board of Selectman and the Finance Committee commenced at 6:00PM on February 11, 2020.

Board of Selectman members present, Tara White and Richard Long, voted to allow Nat Yohalem to participate by phone while the Finance Committee Members present, Robert Miller, John Pshenishny, Michele Shalaby and Sandra Walker, voted to allow Steve Klein to participate by phone.

Also in attendance were Town Administrator Mari Enoch, Administrative Secretary Sharon Fleck, Assessor's Clerk and Chair of the Board of Assessors Marsha Pshenishny, Assessor Wendy Miller and Paul Kapinos of Paul S. Kapinos and Associates.

The purpose of the meeting was in response to a memo with 8 questions from the Finance Committee who requested the Assessor's Clerk help the committee have a better understanding of the mechanics and timing of the property assessment and taxation process, identify areas for improvement and set goals for the implementation of recommendations the Finance Committee might make to the Board of Selectman.

Ms. Pshenishny introduced Mr. Kapinos and asked the Committee to ask their questions after handing out her response to the written questions submitted by the Committee Chair.

Mr. Kapinos stated his company produces a report detailing all the values and the percent change by location in Town and sends it to the Assessor's Clerk, Ms. Pshenishny and that he has also sent reports to Town Administrators. Ms. Enoch clarified that she has never received such a report. Mr. Kapinos continued that the report is submitted early November to Ms. Pshenishny before he submits forms to the State for approval. He also stated one of these forms shows up on Gateway, the state website, but it is by class not neighborhoods.

Mr. Kapinos said there was a 2-5% increase that varied in sections of town but he didn't recall which sections specifically. He said the values are based on sales and every year towns need to be at full and fair cash value based on the median assessment value, not just during recertification years. The Department of Revenue (DOR) allows values between 90% and 110% of value. Historically, New Marlborough has been around 95%. He said his company has been the consultants for New Marlborough for 16 years and 95% is a safe place to be. He stated it puts up red flags at DOR if you are lower and it's not necessary to go higher. He said last year New Marlborough was at 91% and hence the 4% increase to get back to 95% this year. He stated going into fiscal 2021 based on his review, it will increase between 2-5% again.

Mr. Klein asked if comparable sales in other towns are used to establish value or are the sales just in New Marlborough. Mr. Kapinos answered they are not comparable sales but instead sales ratios - assessed value divided by sales price and they only report sales in town to DOR. He did say, however, the trend in New Marlborough was similar to the trend in other towns of Berkshire County.

Mr. Klein asked how many sales there were last year and Mr. Kapinos stated there were 20 single family sales in New Marlborough. He said there may have been a few more but they were coded out and are not reported to the state. These sales are usually foreclosures or family to family sales. He stated two years of sales are used in the calculations. Mr. Klein wondered if this was an adequate number to determine values and Mr. Kapinos said the DOR's rule is 2% or 10 sales of a class. Mr. Kapinos continued that he thinks this does give accurate data because we're not doing this from scratch, but we've been here many years, and I'm able to make adjustments to the model based on the sales.

Mr. Kapinos then asked if there was a problem with the assessments in New Marlborough and Ms. Shalaby responded it's important for the Selectman and the Finance Committee to understand about assessing values. She continued that we are responsible for what citizens are paying in taxes and would like to know everything we can so we can do our best. Ms. Shalaby asked what level of understanding the committee needs to have.

Mr. Kapinos stated every town is different in their level of oversight. He suggested early awareness of where the values have gone in the fiscal year would be helpful because knowing in the fall where the values have gone for that fiscal year won't change the levy or the budget but it will change the tax rate.

Ms. Miller asked if the report Mr. Kapinos submits to Ms. Pshenishny in November should be circulated to the Board of Assessor, the Board of Selectman and the Finance Committee and he responded yes, but that in most communities the Selectman find out what happens at the classification hearing.

Ms. Shalaby then asked how many properties are actually visited or what percentage and was it possible to assess more robustly to be sure we are spreading the tax over the appropriate tax base.

Mr. Kapinos said every parcel is revalued every year and every property that we were able to visit since 2015 is in the database with the oldest data being from 2015. He said New Marlborough is required to recollect all that information by June of 2026 as a result of legislation changing the timing. The town's next reevaluation is due for the fiscal year 2027 which means the cyclical must be completed by June 2026. Every piece of property must be updated and no data can be more than 10 years old on that date. Mr. Kapinos stated they try to split the visits out over 3 years but they don't get inside every property in town. He said the entry rate is less than 10% and if we leave a card requesting an appointment to inspect we might get inside another 5%, but 15% is the top number of buildings we actually go inside of to inspect. Massachusetts law states people don't have to let us in their homes or on their property.

Ms. Pshenishny said if a card is left and people call, they'll say it's an invasion of their privacy and they don't want anyone inside their house and there's nothing we can do.

Mr. Kapinos stated we do the best we can. He added houses that are sold have photos of interior rooms on the internet and that's very helpful to us. People who do not list their properties probably have higher values but there's nothing we can do about that.

Mr. Klein asked when his firm becomes aware that there is a new or improved property and how they go about assigning value to it.

Mr. Kapinos responded when a building permit is put into our system by Ms. Pshenishny, they go out and do the inspection and place a value on it as of January 1 of that year based on percentage of completion. If a property is entered into the computer after January 1, they would inspect it the next spring as the cutoff date is January 1. When the certificate of occupancy comes in, the property will be inspected and then added to the next year's tax rolls.

Mr. Klein then asked the process by which that property gets added to our tax rolls and asked about some instances in the past where it took some time before property was added to the tax roll.

Ms. Pshenishny stated the information about the property is manually input at Mr. Karpino's office and then it's added to the tax rolls on the next years' tax bill. She continued there's two instances I know of where there was a delay. One was a new house that somehow was completely missed, but nobody knows how. She continued that when the house was finally picked up the gentlemen did pay all the back taxes and the Town didn't lose anything.

Ms. Pshenishny continued she was familiar with Mr. Klein's experience whereby he had filed a building permit for an addition. She stated when Mr. Karpino's firm went out to inspect, nobody was home and the assessor measured the house and recorded no work had been done because the measurements hadn't changed. She then explained that the Town building permits didn't have much detail or differentiate between an addition or a renovation then and that's why it was missed but it was different now.

Mr. Klein stated he wasn't sensitized to the distinctions on a building permit but was pleased to know that permits are more specific so that problem is rectified now. He then continued that his goal was not to tell his particular experience, but for the town to fairly collect the taxes it is owed.

Ms. Pshenishny stated during the cyclical inspection the renovation work was found because the assessor went inside the house. She added that, at the time, we weren't getting certificate of occupancies but now, with the new building inspector, everything is a lot better now.

Ms. Enoch then asked for clarification when inspections are done and if there would be a jump in values when the ten year cyclical was completed. Mr. Kapinos answered that the cyclical inspection is a data collection function and interim evaluations are a value function. He said we do the same process every year that we do in a recertification year and we report to the DOR every year. We are already doing what we can to level out increases each year so there isn't a

big jump at the cyclical which is completed over a three year period. He continued that it's steady as she goes in New Marlborough. The Town's assessment database and assessment practices are good and even better than some other towns.

Mr. Kapinos added that this year New Marlborough had 11 abatement applications which is a very low number. He added that over the last five or ten years, New Marlborough has only had 3 or 4 tax appellate board cases and the system is working well with the people who've worked here since day one. And then he stated, I charge the same amount each year. I don't see any changes.

Mr. Long then asked when the town should begin the cyclical inspections as the deadline is June 2026. It was concluded that 2023 would be the time to start the inspections so they can be completed by June 2026.

Ms. Shalaby asked whether there should be different classifications instead of just the one that the Town has now and Mr. Kapinos advised that no, classifying only pertains to the use of the property and there's not that many uses in town. She then asked him to explain what a residential exemption is to which Mr. Kapinos answered that has become very popular in resort communities. A set amount of value is exempt from property tax for full time residents but that does spread the rate higher to those who are not residents. He stated it's a matter of distribution and very popular on Cape Cod.

The Committee agreed non residents support local businesses, school and road budgets and nobody was in favor of that kind of exemption, but it is helpful to understand what it is.

Discussion then turned to a few years ago when the town lost assessed value and the tax rate rose for everyone. The understanding by the group was that sales in one part of town lowered values in that area and some people paid lower taxes while others paid higher.

Mr. Kapinos stated assessed values were higher for some properties than the sales prices and an adjustment had to be made. He continued that properties with water access or views in some parts of town, like Windemere, where building lots are larger than other parts of town. Mr. Kapinos clarified there are differences in land prices for property located on Lake Buel or somewhere else in New Marlborough.

He explained they come up with a value for property based on sales and our valuations. For instance a 5 acre lot in Windemere would be rated higher than another lot elsewhere in New Marlborough. Value is higher because they sell higher.

Ms. Shalaby asked Mr. Kapinos to clarify whether Windemere was their own neighborhood so if they're prices go up, it doesn't automatically raise values across the entire town. Mr. Kapinos answered that Windemere has waterfront and certain rights that increase their prices which increase the value in their area. He reminded the group that DOR checks the assessed values every five years to make sure our values are fair and everyone is treated the same.

Mr. Klein asked how valuations are done if there is a year in which there are no sales in Windemere. Mr. Kapinos responded in a year like that, we assume those houses increased or decreased in value like all other houses in town because there would be no separate data.

Mr. Klein stated he would like to make the meeting an annual exercise for the Finance Committee. Mr. Kapinos agreed stating the end of October when values are completed would be best as all the information would be fresh in his mind, unlike now since it was so long ago when our town data was completed. He added his company inspects 275,000 parcels each year.

Another meeting will be set for the end of October with Mr. Kapinos when the report is complete. Ms. Pshenishny agreed to circulate to everyone at the meeting a copy of the last report Mr. Kapinos submitted to her.

Everyone thanked Mr. Kapinos for attending and then a motion was made and passed to adjourn at 7:12PM.

Respectfully submitted,

Sandra Fusco-Walker