



Conor Baldwin
Chief Financial Officer

MEMORANDUM

TO: Kevin J. Murphy, City Manager 

FROM: Conor Baldwin, Chief Financial Officer 

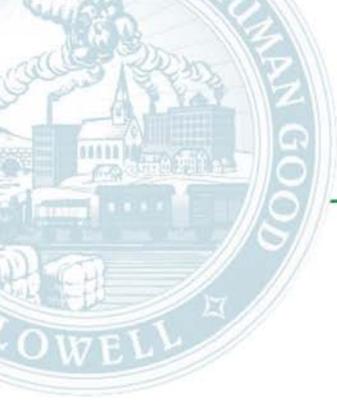
DATE: January 22, 2018

SUBJECT: **MOTION RESPONSE 7.5 4/25/2017 - C. Milinazzo** - Req. City Mgr. report on the Business Tax now being assessed to the artists at Western Avenue

During discussion on the above referenced motion, a question was raised relative to the provisions of Massachusetts General Law that allow for a local acceptance exemption to be established by a city or town. M.G.L. Chapter 59 § 5(54) allows a city or town that accepts its provisions to establish a minimum fair cash value required for personal property accounts to be taxed, and to modify that value, by vote of the city council with the City Manager's approval. The minimum value cannot be more than \$10,000, but can be any value up to that amount.

While this exemption can be implemented by vote of the Council at any point, to be made effective for the following fiscal year, the law does not allow for the exemption to be isolated to any one particular industry or trade like artists. This would mean that any and all personal property bills below the threshold established by the Council would become exempt from taxation, but the city would still collect the entirety of the tax levy and therefore create a shift of the tax burden onto the other non-exempt classes. If the City Council were to consider an exemption to the statutory maximum of \$10,000 per account, about 970 accounts throughout the city would become tax exempt with an aggregate assessed value of approximately \$4.1 million. The revenue of these accounts currently in the tax levy would consequently be shifted to other classes.

Enclosed with this memorandum is a letter from the Chief Assessor, Sue LeMay, which describes the city's efforts to work with the artists at the Western Avenue studios regarding their taxable personal property.



Susan A. LeMay, MAA
Chief Assessor
Mabel E. Bond
Joel H. Cohen
Assessors

January 23, 2018

Kevin J. Murphy
City Manager
375 Merrimack Street
Lowell, MA 01854

Re: **7.5. 4/25/17 C. Milinazzo** - Req. City Mgr. report on the Business Tax now being assessed to the artists at Western Avenue

Dear Manager Murphy:

There are approximately 289 artists and hobbyist leasing commercial spaces on Western Avenue, who have been very cooperative and most have submitted their Forms of List for the first time for FY2018. Approximately 40 spaces are used by hobbyist who have submitted letters letting us know that they are not a business and have not been assessed a business tax for the current fiscal year since they generate no income; have no showings and have no business licenses.

As you may recall, in January and February, my staff and I met with the artists at the Western Avenue Studios in the evening and during the day to explain what personal property is, and to answer any questions as well as to help fill out the Forms of List if needed. We have continued to reach out to all of the artists and those that lease spaces at 122 Western Ave. in order to answer any questions or help list their personal property with them if needed; including personal visits, phone calls, post cards and multiple emails to all of the artists that have yet to respond with their forms. If we are unable to obtain their lists of inventory and fixtures, we will unfortunately be forced to estimate their business value based on other business of the like.

When the news first hit that the businesses that the artists owned would be taxed, I know they feared they would be taxed out of business after talking with some of them. Our hope is that now that have seen the actually bills, they don't have that fear anymore. Literally, the bills are minimal for the types of businesses such as those they operate. In fact, 85% of the tax bills are under \$100.00 for the year at the FY18 tax rate.

Sincerely,

Susan A. LeMay

Susan A. LeMay, MAA
Chief Assessor/Board Chair