

## **ARTICLE 33: LOCAL OPTION LOCAL INCOME TAX SOME FREQUENTLY ASKED QUESTIONS**

Q. If I vote “Yes” on Article 33 am I voting for an income tax?

A. No. This article would just start the conversation about a way to reduce the impact of the property tax, particularly in towns like Concord which receive little financial aid from the state.

Q. What evidence do you have that real estate taxes have caused anyone to leave Concord?

A. We don’t do “exit interviews” with everyone who leaves Concord. But we hear frequently from individuals in town that they are finding it harder and harder to pay their real estate taxes, and the trends indicate that this situation is likely to get worse if we don’t do something about it.

Q. If Concord requests such legislation do we really expect the legislature to pass it?

A. If other towns in the same position as Concord find this idea reasonable and see that Concord is interested in exploring it, this may encourage them to petition for similar legislation. In that way we may get the attention of the Legislature and over time pass legislation addressing this issue.

Q. A constitutional amendment might be required to allow a local income tax. Why do we want to take such a difficult route?

A. To take no action in the face of increasing property taxes will do nothing to solve our problem. We need to start.

Q. The property tax has been in place in Concord for over 300 years. Why change it?

A. The property tax was instituted in a rural economy when a person’s ability to pay was measured by ownership of land and buildings. Today, ability to pay cannot be measured by real estate alone. Taken together, property and income are a more equitable measure of residents’ ability to pay for local services.

Q. If we’re concerned about the increasing property tax why don’t we make deeper cuts in the town budget?

A. It is not likely that residents would agree to deeper cuts in town services such as police, firefighters, school staff and services, libraries, building and road maintenance. In any event, this proposal addresses a different issue: tax fairness.

Q. Revenue from an income tax would fluctuate with the economy. Wouldn't that be a problem?

A. Property values are less volatile than incomes, and the property tax would continue, at a lower rate, along with an income tax. If the revenue from the income tax were to decrease, the property tax could make up the difference.

Q. What if the legislature passes a law that doesn't meet our criteria?

A. Since a local income tax would be a local option the town would not have to adopt it.

Q. Is there another state with a local income tax that we could use as a model?

A. Eighteen other states have local income taxes, but it's hard to compare them with Massachusetts. Many states do not have the constraint that all taxation authority rests with the state government. Most municipalities are part of functioning county governments and do not have town meetings that allow for local decision making.

Q. Wouldn't the costs of collecting another type of tax be prohibitively expensive for the town?

A. One point that we have learned from another state, Maryland, is that having the local income tax collected by the state as a surcharge on the state income tax form is a cost effective method of collection.

Q. What is the position of the Board of Selectmen and the Finance Committee on this article?

A. The Board of Selectmen and the Finance Committee support Article 33.

Q. If this article passes Town Meeting what will be the next steps?

A. The Local Option Local Income Tax Committee will work with the Board of Selectmen and our legislators to initiate appropriate legislative action. We will reach out to other like-minded towns to do the same.

**Local Option Local Income Tax Committee**  
**April 22, 2010**