



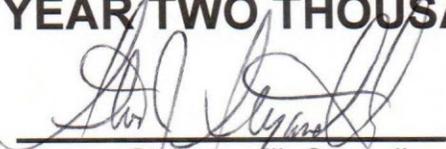
RECEIVED

20 FEB -3 AM 10: 37

AMESBURY CITY CLERK

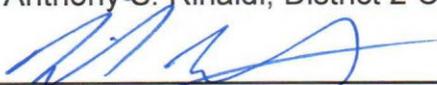
**CITY OF AMESBURY
IN THE YEAR TWO THOUSAND TWENTY**

SPONSORED BY:


Steven Stanganelli, Councilor-at-Large

BILL No. 2020-035


Anthony S. Rinaldi, District 2 Councilor


Nicholas Wheeler, District 4 Councilor

An Ordinance to amend Amesbury City Council Bill 2000-184 to increase the exemption on Personal Property Taxes from \$2,000 to \$10,000 as allowed under MGL Ch. 59, Section 5, Paragraph 54.

Summary:

An Ordinance to increase the personal property tax exemption to lower business operating costs to help with economic development

Whereas, the Amesbury City Council in Bill 2000-184 adopted the minimum personal property tax exemption level of \$2,000; and,

Whereas, the current exemption of \$2,000 has not been adjusted for inflation since inception in TY2000, which would equate to approximately \$3,000 using Bureau of Labor Statistics inflation data; and,

Whereas, the National Bureau of Economic Research Working Paper No. 16300, Who Creates Jobs? Small vs Large vs Young by Haltiwanger, Jarmin and Miranda reiterates Census Bureau data from 1992 to 2005 that smaller companies created more jobs than larger enterprises demonstrating that smaller and younger companies are the real drive of disproportionate job growth in the economy; and,

Whereas, the City of Amesbury has adopted and used Tax Increment Financing and other special incentives to attract large developers or business enterprises without any incentives for small enterprises; and,

Whereas, an analysis of all Type 501 and 502 property reported on the FY2017 State Form 1 property tax forms noted that there were 306 personal property tax accounts with an aggregate valuation of \$65,933,039, and further that the most recent data filed (FY2020) with the City Assessor indicates

aggregate personal property valuation of \$69,683,699 and that of this total there are now 144 personal property tax accounts with assessed value of \$10,000 or less for an aggregate valuation of \$728,207; and

Whereas, the current potential taxes on these 144 personal property tax accounts are approximately \$12,500 (based on valuation and current tax rate of \$17.18/\$1,000) of which approximately \$1,200 is presently not collected due to the current exemption; and

Whereas, the proposed increase in exemption to the \$10,000 personal property valuation level will result in approximately \$11,300 in foregone tax revenue which results in an average tax burden shift of \$1.85 per year (or \$0.15/month) among the remaining 6,107 tax parcels in the city from all property classes (not including incremental taxes from other sources such as meals and hotel occupancy); and

Whereas, many businesses that may benefit from this exemption are home-based and already pay real estate taxes on their homes and any improvements made to modify or expand their dwellings to accommodate their business operations; and

Whereas, the City may be able to save on administrative and collection efforts otherwise needed for these small business accounts,

so therefore,

Be it Ordained by the City Council of the City of Amesbury assembled and by the authority of the same, as follows:

That the City of Amesbury shall increase the exemption on personal property classified as Type 501 and 502 from \$2,000 as approved in Council Bill 2000-184 to \$10,000 which is the maximum exemption allowed under MGL Ch. 59, Section 5, Part 54.

The exemption will apply to all individuals, partnerships, associations, trusts, corporations, limited liability companies, and other legal entities authorized to conduct business in the City subject to taxation.

Reference:

Inflation:

<https://www.in2013dollars.com/us/inflation/2000?amount=2000>

National Bureau of Economic Research Working Paper:

<http://www.nber.org/digest/feb11/w16300.html>

MGL Ch. 59, Section 5 reference for authorization of exemption:

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIX/Chapter59/Section5>