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John McConchie
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Wellesley Board of Selectmen
c/o Barbara Searle, Chair
Town Hall
525 Washington Street
Wellesley, MA 02482

Dear Barbara, Ellen, Terri, Gig and Owen,

I am writing to respectfully request that the Board retain the single tax rate at its tax classification hearing. The Board has heard the positions of the business community at the Sept. 26 and Oct. 17 public discussions, so I will be brief.

The chamber believes that a split tax rate is a bad idea for Wellesley for the following reasons:

- A single tax rate is the only equitable way to establish tax rates where values reflect fair market value. This was the underlying premise when the Commonwealth went to full and fair cash valuation in the early 1980s and allowed split tax rates to help those communities that had been valuing commercial properties higher than residential properties. This was not the case in Wellesley, and still is not the case.
- Taxes paid should reflect fair market value of property owned – this is a basic economic premise. Wellesley has one of the lowest effective tax rates (1.14%) in the Commonwealth, i.e. the tax burden measured by tax bill relative to property value. Wellesley commercial tax bills are already on a par with those in comparable communities.
- Small business tenants (in the great majority of cases) will have an onerous increase passed on to them. Even a 110% shift will raise the median commercial tax bill by over \$2,000, for a savings to the median residential taxpayer of about \$100. The onerous expense of a split rate will further burden commercial property owners and their tenants, both struggling with a prolonged recession and unusually high retail and office vacancy rates.
- The very small size of Wellesley's CIP sector relative to its residential sector makes any increased commercial tax rate particularly onerous.
- Should the Board depart from the town's traditional single tax rate policy, an unintended but inevitable consequence will be the beginning of a decline in the value of commercial property - the higher the split, the more pronounced the decline. Whether the split enacted is 110%, 120% or 150% of the residential rate, and whether the change takes place in a staged fashion, or immediately, the process of decline in commercial values will have been set in motion. Declining values will mean less of a shift to the commercial sector. Declining values will decrease the commercial tax revenues funding town services. The Wellesley chamber supports commercial property owners and their tenants continuing to pay their fair share for town services. A single rate policy ensures this.

Very truly yours,

Maura M. O'Brien