



CITY OF CAMBRIDGE

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ASSESSING DEPARTMENT

Robert P. Reardon
Director of Assessment

MEMORANDUM

TO: Robert W. Healy, City Manager

FROM: Robert P. Reardon 

SUBJECT: Supplemental Appropriation

DATE: December 7, 2010

CC: Louis DePasquale, Asst. City Manager for Fiscal Affairs
David Kale, Budget Director/Deputy Finance Director

The Board of Assessors is requesting an appropriation of \$180,000 from Free Cash to the Professional and Technical Services account in order to provide funds to complete the personal property audit program for the FY11 tax-billing year.

Personal property accounts include the furniture, fixtures and equipment used by companies within the City of Cambridge. Personal property has become a major contributor to the City of Cambridge tax base increasing the tax collection from \$8,469,014 in FY04 to \$19,096,427 in FY11. Unlike the real estate valuation process, which is determined typically by physical inspection, personal property valuation is done mostly on a self reporting basis, therefore, making the audit function necessary to ensure full compliance. The City of Cambridge was one of the first municipalities in the Commonwealth to use personal property audits, which was enacted into Massachusetts General Law as part of the Municipal Partnership Act of 2010. The Board of Assessors plans on auditing an additional fifty accounts for FY12. The audit program has also helped develop a better understanding by taxpayers of Massachusetts complex personal property laws and has further increased reporting above and beyond the audits conducted, which serves to further increase the city tax base.

There were forty-eight personal property audits conducted during FY11 resulting in additional personal property tax collections. The additional appropriation is outside of the normal budget process because the personal property audits are conducted during the summer and the additional revenue and expense are unknown until just prior to the establishment of the FY11 tax rate. The personal property audit program has generated \$2,915,601 in new personal property tax collections since the program began in FY09.