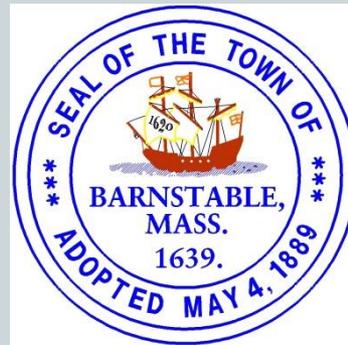


# Fiscal Year 2018 Tax Bill Classification & Exemptions



## A REVIEW OF THE FISCAL YEAR 2018 PROPERTY TAX LEVY SHIFTING OPTIONS



NOVEMBER 16, 2017

## Fiscal 2018 Maximum Allowable Levy

The levy limit increased by any voter approved capital and/or debt exclusions and other special assessments.

Description	Amount
Fiscal 2018 level limit	\$116,900,171
Fiscal 2018 approved debt exclusions	\$1,348,903
Fiscal 2018 Cape Cod Commission assessment	\$594,793
Fiscal 2018 maximum allowable levy	\$118,843,867
Less excess taxing capacity	(\$321,743)
Fiscal 2018 Tax Levy	\$118,522,124

## Assessed Values

The town realized a growth in overall property value of 2.9% in fiscal year 2018 as a result of an improving real estate market and new property growth.

The 2018 residential property values are based on calendar year 2016 sales data and will not necessarily reflect today's market value.

Class	FY17 Value	FY18 Value	Change	%
Residential	11,609,385,779	11,966,381,614	356,825,135	3.1
Commercial	1,291,731,901	1,304,024,786	12,292,885	1.0
Industrial	80,275,500	78,707,200	(1,568,300)	-2.0
Personal	249,000,650	263,193,250	14,192,600	5.7
Total	13,230,393,830	13,612,136,150	381,742,320	2.9

## Fiscal 2018 Estimated Tax Rate

The fiscal year 2018 tax levy is \$0.07 more than fiscal year 2017, or 0.8%. The increase in property value results in a lower increase in the tax levy.

Class	Valuation	Levy %	Rate	Levy
Residential	\$11,966,210,914	87.9084	\$8.71	\$104,186,115
Commercial	\$1,304,024,786	9.5799	\$8.71	\$11,358,056
Industrial	\$78,707,200	0.5782	\$8.71	\$685,540
Personal	\$263,193,250	1.9335	\$8.71	\$2,292,413
<b>Total</b>	<b>\$13,612,136,150</b>	<b>100.00</b>		<b>\$118,522,124</b>

Single tax rate for Fiscal 2017 was \$8.64

***Tax shifting options will decide how the \$118.5 million will be distributed between and within property classes. The two options to be discussed will not change the maximum allowable levy.***

## 2 Tax Levy Shifting Options

The tax rate can be impacted by the Town Council decisions regarding classification and the residential exemption options.

1. Adopting a Split Tax Rate
2. Adopting a Residential Exemption

1. **The “Split Tax Rate”** allows for a shift of the tax burden from the residential class of property to the commercial, industrial and personal property classes (CIP).
2. **The Residential Exemption** allows for the shift of a portion of the residential tax burden from primary residences to second homeowners **and** primary residences with higher property values.

## Option 1: The “Split Tax Rate”

Estimated tax rates at selected percentage shifts

Examples illustrated assumes no residential exemption adopted

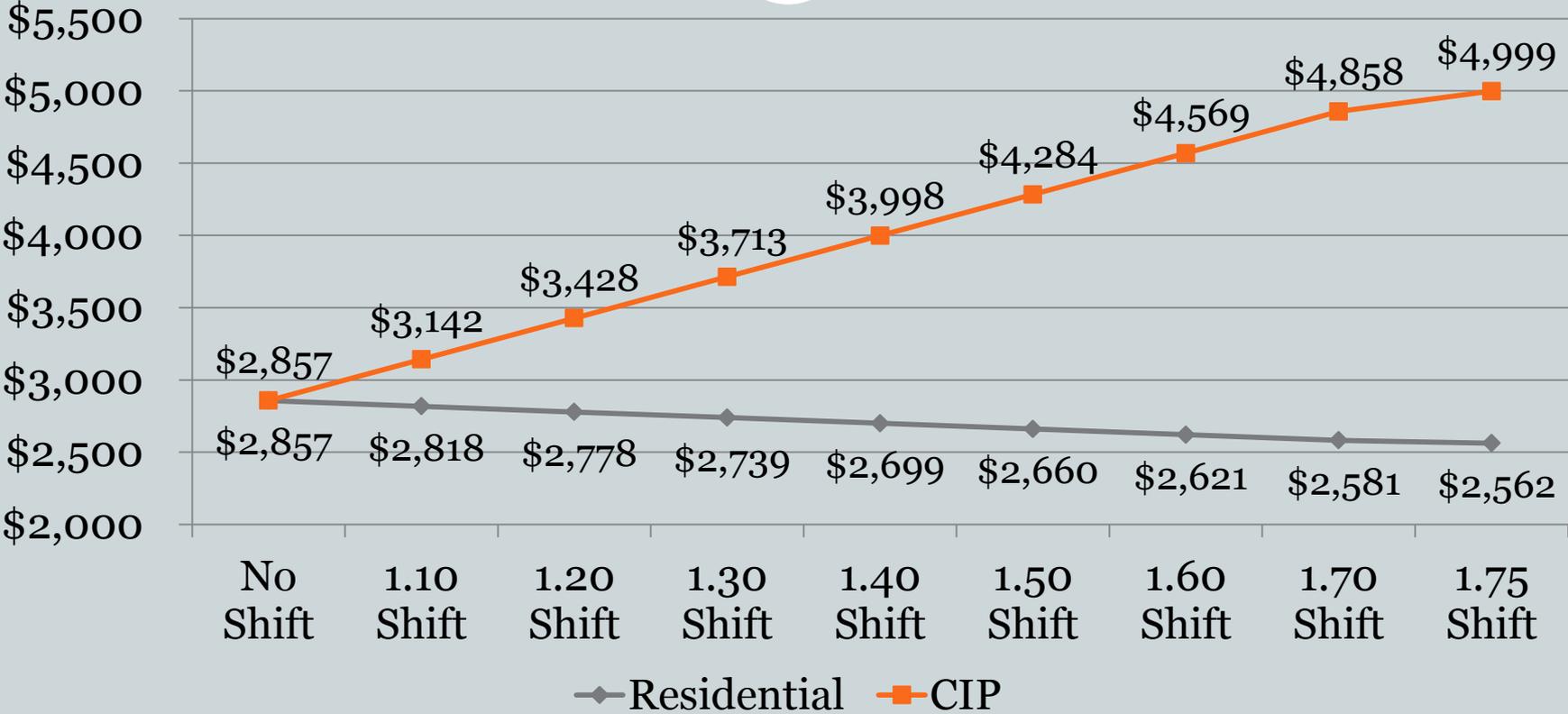
111 MA communities had split tax rates in fiscal year 2017

CIP Shift	Residential Tax Rate	CIP Tax Rate	Tax Levy Shifted
1.00	\$8.71	\$8.71	
1.10	\$8.59	\$9.58	\$1.4 mil
1.20	\$8.47	\$10.45	\$2.9 mil
1.30	\$8.35	\$11.32	\$4.3 mil
1.40	\$8.23	\$12.19	\$5.7 mil
1.50	\$8.11	\$13.06	\$7.2 mil
1.60	\$7.99	\$13.93	\$8.6 mil
1.70	\$7.87	\$14.81	\$10.0 mil
1.75	\$7.81	\$15.24	\$10.8 mil

# Residential Tax Bills vs. CIP Tax Bills

## Median Property Value of \$328,000

7



Every \$1 saved by a residential taxpayer results in a CIP taxpayer paying over \$7 more.

## Option 2: Residential Exemption

This option reduces the taxable assessed value for each qualified primary residence. Barnstable has **12,065** qualified properties for FY18 and the result of adoption would be a higher tax rate for all residential properties and a deduction from every qualified property's value before the tax is calculated at the higher tax rate.

- Town Council can authorize up to a 35% exemption to Barnstable "residents"
- The exemption applied is up to 35% of the total **average** residential parcel value
- The property must be the "primary residence" of the owner as used for income tax purposes
- This option shifts the taxes only **within** the residential class of taxpayers & does not change the levy amount itself or impact CIP property owners
- 15 communities out of 351 adopted the residential exemption in FY17

Community	Percentage
Barnstable	20
Boston	35
Brookline	20
Cambridge	30
Chelsea	25
Everett	25
Malden	30
Nantucket	20
Provincetown	20
Somerset	10
Somerville	35
Tisbury	18
Truro	20
Waltham	25
Watertown	22

# Residential Exemption Calculation

The exemption may not exceed 35 percent of the average assessed value of all residential properties

To calculate the exemption the average assessed value of all residential parcels must first be determined.

The adopted percentage is applied to this amount. The assessed valuation of each residential parcel that is the domicile of the taxpayer is then reduced by that amount.

<b>Total Residential Value</b>	<b>\$11,966,210,914</b>
<b>Divided by Total Residential Parcels</b>	<b>25,671</b>
<b>Average Residential Value (ARV)</b>	<b>\$466,137</b>

<b>ARV</b>	<b>\$466,137</b>	<b>\$466,137</b>	<b>\$466,137</b>
<b>Exemption %</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>
<b>Exemption Value</b>	<b>\$46,614</b>	<b>\$93,227</b>	<b>\$163,148</b>
<b>Eligible Parcels</b>	<b>12,065</b>	<b>12,065</b>	<b>12,065</b>
<b>Residential Value Exempted</b>	<b>\$562,397,910</b>	<b>\$1,124,783,755</b>	<b>\$1,968,380,620</b>

## Residential Exemption's Impact on the Tax Rate

As the residential exemption removes a portion of the property value subject to taxation it results in a higher tax rate.

	Without Residential Exemption	With 20% Residential Exemption
Residential Value	\$11,966,210,914	\$11,966,210,914
Value Exempted		(\$1,124,783,755)
Net Value Taxed	\$11,966,210,914	\$10,841,427,159
Residential Levy	\$104,186,115	\$104,186,115
Tax Rate	\$8.71	\$9.61

Tax Levy Shifted is \$10,809,172 ~ 10%

## Residential Exemption

The breakeven point where there is no tax advantage for a primary resident property owner with a 20% residential exemption is about **\$996,000**.

Primary property owners valued above the breakeven point should still seek the exemption since they will save the tax dollar value of the exempted amount.

	No Exemption	10% Exemption	20% Exemption	35% Exemption
Median Property Value	\$328,000	\$328,000	\$328,000	\$328,000
Exemption Amount	(\$0)	(\$46,614)	(\$93,227)	(\$163,148)
Taxable value	\$350,000	\$281,386	\$234,773	\$164,852
Tax Rate	\$8.71	\$9.14	\$9.61	\$10.42
Tax Bill	\$2,856.88	\$2,571.87	\$2,256.17	\$1,717.76
Savings vs. no exemption		\$285.01	\$600.71	\$1,139.12

# Tax Bill Comparison – No Exemption vs. 20% Residential Exemption Qualifying and Non-Qualifying Properties



**Excluding Community Preservation and fire district taxes.**