

FISCAL YEAR 2022 TAX BILL CLASSIFICATION & EXEMPTIONS

A review of the property tax levy
shifting options

Fiscal 2022 Maximum Allowable Levy

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The previous year's levy limit increased by 2.5% and new property growth as well as any voter approved capital and/or debt exclusions and other special assessments.

The FY22 tax levy is \$136+ million; or 3.17% more than FY21.

Description	Amount
Fiscal 2021 level limit	\$ 129,764,768
Proposition 2 ½ allowable increase	3,244,119
FY 2022 new property growth	<u>1,019,167</u>
FY 2022 levy limit	134,028,054
Fiscal 2022 approved debt exclusions (Cape Cod Regional Technical HS)	1,688,805
Fiscal 2022 Cape Cod Commission assessment	<u>636,555</u>
Fiscal 2022 maximum allowable levy	136,353,414
Tax levy used to balance Fiscal 2022 budget	<u>(136,243,968)</u>
Excess taxing capacity	\$ 109,446

Change in Assessed Values

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The town realized a growth in overall property value of 8.7% in fiscal year 2022 as a result of an improving real estate market and new property growth.

The 2022 residential property values are based on calendar year 2020 sales data and will not necessarily reflect today's market value.

Class	FY21 Value	FY22 Approved Value	Change	
Residential	\$ 13,902,857,731	\$ 15,277,026,292	\$ 1,374,168,561	9.9%
Commercial	1,639,932,289	1,637,507,131	(2,425,158)	-0.1%
Industrial	93,932,600	93,958,300	25,700	0%
Personal	<u>341,777,570</u>	<u>356,005,570</u>	<u>14,228,000</u>	4.2%
Total	\$ 15,978,500,190	\$ 17,364,497,293	\$ 1,385,997,103	8.7%

Fiscal Year 2022 Tax Rate

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The fiscal year 2022 single tax rate before any Residential Exemption is \$0.41 less than fiscal year 2021, or 5% lower. The increase in property value results in a reduction in the tax rate.

Class	Valuation	Levy %	Rate	Levy
Residential	\$ 15,277,026,292	0.8798	\$7.85	\$ 119,924,656
Commercial	1,637,507,131	0.0943	\$7.85	12,854,431
Industrial	93,958,300	0.0054	\$7.85	737,573
Personal	356,005,570	0.0205	\$7.85	2,794,644
Total	\$ 17,364,497,293	1.0000	\$7.85	\$ 136,311,304

Single tax rate for Fiscal 2021 was \$8.26

Tax shifting options will decide how the \$136 million will be distributed between and within property classes. Action taken on two options will not change the FY22 tax levy.

2 Tax Levy Shifting Options

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The tax rate can be impacted by Town Council decisions regarding splitting the tax rate between the residential and CIP classes and the adoption of a residential exemption.

1. **The “Split Tax Rate”** allows for the shift of a portion of the tax levy 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 levy from property owners who declare Barnstable as their primary residence to all other residential property owners **and** homeowners with a primary residence in Barnstable with higher property values.

Option 1: The “Split Tax Rate”

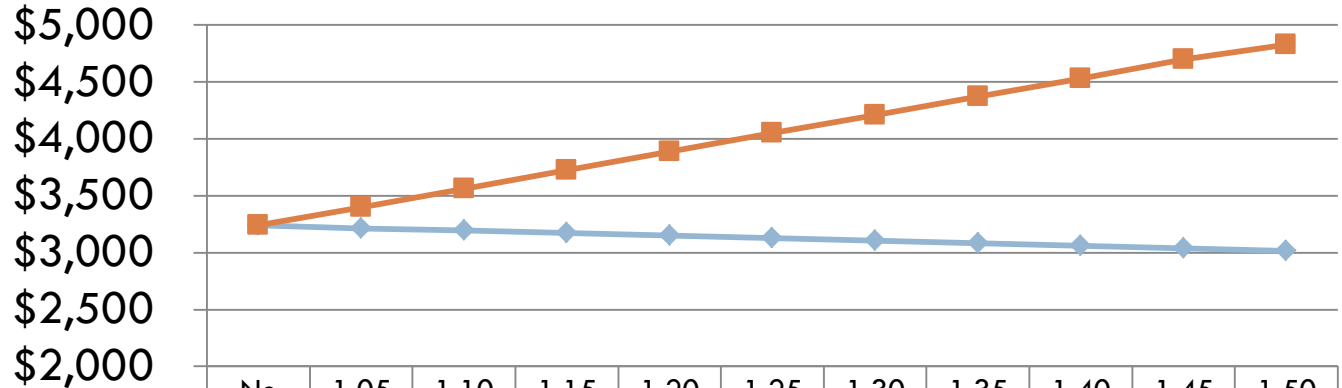
Tax rates at selected percentage shifts.

108 MA communities had split tax rates in fiscal year 2021.

CIP Shift	Residential Tax Rate	CIP Tax Rate	Tax Levy Shift
1.00	\$7.85	\$7.85	\$0
1.05	\$7.79	\$8.24	\$818,927
1.10	\$7.74	\$8.63	\$1,637,856
1.15	\$7.69	\$9.02	\$2,456,783
1.20	\$7.63	\$9.42	\$3,275,711
1.25	\$7.58	\$9.81	\$4,094,638
1.30	\$7.52	\$10.20	\$4,913,566
1.35	\$7.47	\$10.59	\$5,732,494
1.40	\$7.42	\$10.98	\$6,551,421
1.45	\$7.36	\$11.38	\$7,370,349
1.50	\$7.31	\$11.77	\$8,189,277

Residential Tax Bills vs. CIP Tax Bills

Using Median Assessed Residential Property Value of \$412,600



	No Shift	1.05 Shift	1.10 Shift	1.15 Shift	1.20 Shift	1.25 Shift	1.30 Shift	1.35 Shift	1.40 Shift	1.45 Shift	1.50 Shift
◆ Residential Tax Bill (excludes residential exemption)	\$3,239	\$3,214	\$3,194	\$3,173	\$3,148	\$3,128	\$3,103	\$3,082	\$3,061	\$3,037	\$3,016
■ CIP Tax Bill	\$3,239	\$3,400	\$3,561	\$3,722	\$3,887	\$4,048	\$4,209	\$4,369	\$4,530	\$4,695	\$4,827

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

Option 2: Residential Exemption

This option reduces the taxable assessed value for each qualified primary residence. Barnstable has approximately 11,792 qualified properties for FY22 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 for Barnstable "residents"
- The property must be the "primary residence" of the owner as used for income tax filing purposes and they must have owned the property on January 1, 2021
- 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 FY21

Community	Percentage
Boston	35
Chelsea	35
Somerville	35
Waltham	35
Cambridge	30
Malden	30
Everett	25
Nantucket	25
Provincetown	25
Truro	25
Watertown	25
Brookline	21
Barnstable	20
Wellfleet	20
Tisbury	18

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 before the tax bill is calculated.

Total Residential Value	\$ 15,277,026,292
Total Residential Parcels	25,650
Average Residential Value	\$ 595,596

Average Residential Value	\$ 595,596
Current Exemption Percentage	20%
Exemption Value	\$ 119,119
Eligible Parcels	11,792
Residential Value Exempted	\$ 1,404,651,248

Residential Exemption Tax Rate Impact

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As the residential exemption removes a portion of the property value subject to taxation it results in a higher tax rate for the residential class as the same amount of taxes are levied on this class of property.

	With 20% Residential Exemption
Residential Value	\$ 15,277,026,292
Value Exempted	<u>\$ (1,404,651,248)</u>
Net Value Taxed	\$ 13,872,375,044
Residential Tax Levy	\$ 119,857,320
Residential Tax Rate	\$ 8.64

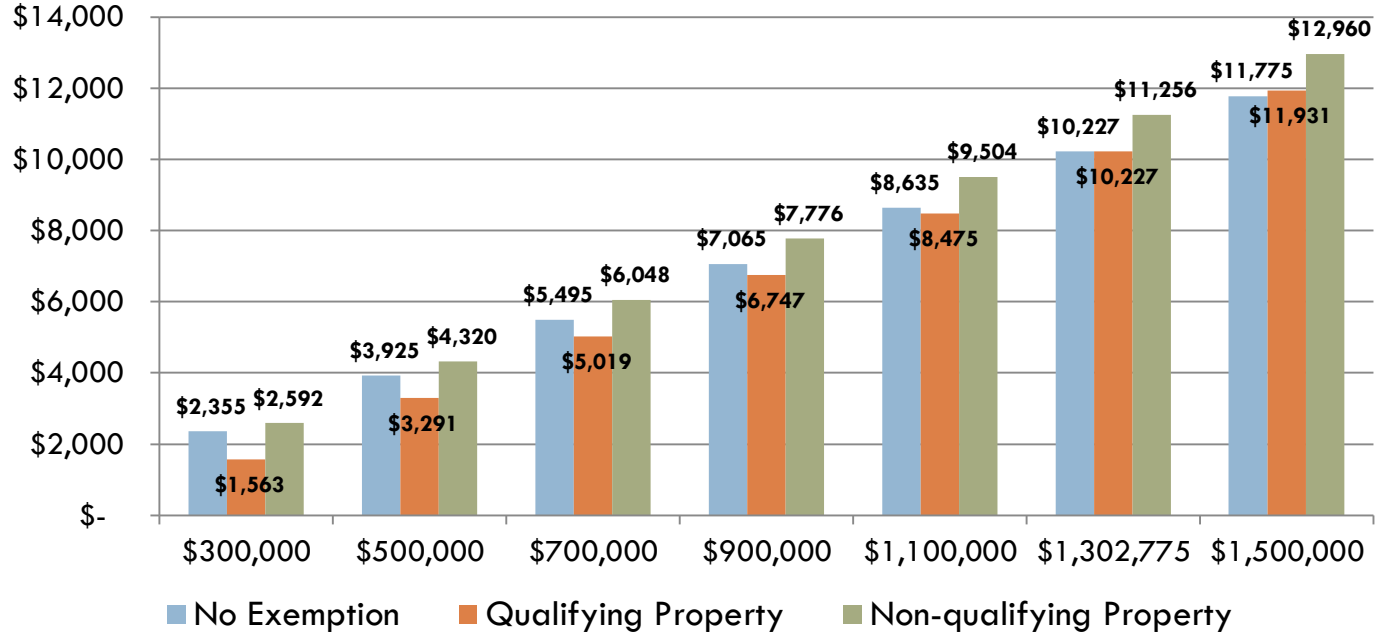
FY 2022 Residential Exemption Tax Bill Impact on Median Residential Value

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	Median Residential Value	Exemption Amount	Taxable Value	Residential Tax Rate	Tax Bill
No Exemption	\$ 412,600	\$ 0	\$ 412,600	\$ 7.85	\$ 3,239
5% Exemption	\$ 412,600	\$ (29,780)	\$ 382,820	\$ 8.03	\$ 3,074
10% Exemption	\$ 412,600	\$ (59,560)	\$ 353,040	\$ 8.22	\$ 2,902
15% Exemption	\$ 412,600	\$ (89,339)	\$ 323,261	\$ 8.43	\$ 2,725
20% Exemption	\$ 412,600	\$ (119,119)	\$ 293,481	\$ 8.64	\$ 2,536
25% Exemption	\$ 412,600	\$ (148,899)	\$ 263,701	\$ 8.87	\$ 2,339
30% Exemption	\$ 412,600	\$ (178,679)	\$ 233,921	\$ 9.10	\$ 2,129
35% Exemption	\$ 412,600	\$ (208,459)	\$ 204,141	\$ 9.35	\$ 1,909
FY 2021 (20%)	\$ 388,500	\$ (108,417)	\$ 280,083	\$ 9.10	\$ 2,549

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

The breakeven point where there is no tax advantage for a primary resident with a 20% residential exemption is **\$1,302,775**. Primary resident property owners valued above the breakeven point should still seek the exemption.



Excluding Community Preservation and Fire District Taxes