

# FISCAL YEAR 2023 TAX BILL CLASSIFICATION & EXEMPTIONS

A review of the property tax levy  
shifting options

# Fiscal 2023 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 FY23 tax levy is \$140.7 million; or 3.2% more than FY22.

Description	Amount
Fiscal 2022 level limit	\$ 134,028,054
Proposition 2 ½ allowable increase	3,350,701
FY 2023 new property growth	<u>1,225,963</u>
FY 2023 levy limit	138,604,718
Fiscal 2023 approved debt exclusion (Cape Cod Regional Technical HS)	1,732,200
Fiscal 2023 Cape Cod Commission assessment	<u>652,469</u>
Fiscal 2023 maximum allowable levy	140,989,367
<b>Tax levy used to balance FY 2023 budget</b>	<b><u>(140,669,929)</u></b>
Remaining excess taxing capacity	\$ 319,458

# Change in Assessed Values

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The town realized a growth in overall property value of 26% as a result of an improving residential real estate market and new property growth.

The 2023 residential property values are based on calendar year 2021 sales data and will not necessarily reflect today's market value.

Class	FY22 Approved Values	FY23 Approved Values	Change	
Residential	\$ 15,277,026,292	\$ 19,481,851,049	\$ 4,204,824,757	27.5%
Commercial	1,637,507,131	1,879,347,857	241,840,726	14.8%
Industrial	93,958,300	105,764,700	11,806,400	12.6%
Personal	<u>356,005,570</u>	<u>403,867,570</u>	<u>47,862,000</u>	13.4%
Total	\$ 17,364,497,293	\$ 21,870,831,176	\$ 4,506,333,884	26.0%

# Fiscal Year 2023 Tax Rate

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The fiscal year 2023 single tax rate before any Residential Exemption is \$1.42 less than fiscal year 2022, or 18% lower. The increase in property value results in a reduction in the tax rate.

Class	Valuation	Levy %	Rate	Tax Levy Share
Residential	\$ 19,481,851,049	89.08	\$ 6.43	\$ 125,308,787
Commercial	1,879,347,857	8.59	\$ 6.43	12,084,207
Industrial	105,764,700	0.48	\$ 6.43	680,067
Personal	<u>403,867,570</u>	<u>1.85</u>	\$ 6.43	<u>2,596,868</u>
Total	\$ 21,870,831,176	1.0000	<b>\$ 6.43</b>	\$ 140,669,929

Single tax rate for Fiscal 2022 was \$ 7.85

***Tax shifting options will decide how the \$140.7 million will be distributed between and within property classes. Action taken on two options will not change the FY23 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 non-domiciled residential property owners **and** homeowners with a primary residence in Barnstable with higher property values.

# Option 1: The “Split Tax Rate”

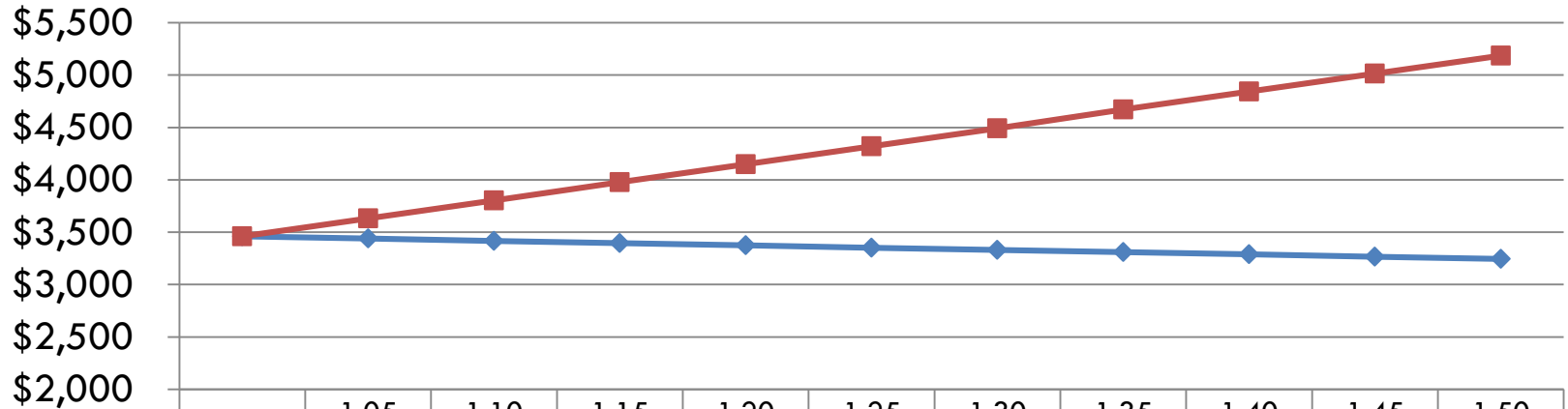
Tax rates at selected percentage shifts.

108 MA communities had split tax rates in fiscal year 2022.

CIP Shift	Residential Tax Rate	CIP Tax Rate	Tax Levy Shift
1.00	\$6.43	\$6.43	\$0
1.05	\$6.39	\$6.75	\$768,279
1.10	\$6.35	\$7.08	\$1,536,557
1.15	\$6.31	\$7.40	\$2,304,836
1.20	\$6.27	\$7.72	\$3,073,114
1.25	\$6.23	\$8.04	\$3,841,393
1.30	\$6.20	\$8.36	\$4,609,671
1.35	\$6.16	\$8.68	\$5,377,950
1.40	\$6.12	\$9.00	\$6,146,228
1.45	\$6.08	\$9.33	\$6,914,507
1.50	\$6.04	\$9.65	\$7,682,785

# Residential Tax Bills vs. CIP Tax Bills

Using Median Assessed Residential Property Value of \$538,100



	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	\$3,460	\$3,438	\$3,417	\$3,395	\$3,374	\$3,352	\$3,331	\$3,309	\$3,288	\$3,266	\$3,245
■ CIP Tax Bill	\$3,460	\$3,632	\$3,804	\$3,977	\$4,149	\$4,321	\$4,493	\$4,671	\$4,843	\$5,015	\$5,187

Every \$1 saved by the residential taxpayer results in the CIP taxpayer paying about \$8 more.

# Option 2: Residential Exemption

This option reduces the taxable assessed value for each qualified primary residence. Barnstable has approximately 11,594 (45%) qualified properties for FY23 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, 2022
- This option shifts the taxes only **within** the residential class of taxpayers & does not change the levy amount itself or impact CIP property owners
- 16 communities out of 351 adopted the residential exemption in FY22
- Barnstable has adopted a 20% exemption every year since 2006

Community	FY22 Percentage
Boston	35
Chelsea	35
Somerville	35
Waltham	35
Cambridge	30
Malden	30
Watertown	30
Wellfleet	25
Everett	25
Nantucket	25
Provincetown	25
Truro	25
Brookline	21
<b>Barnstable</b>	<b>20</b>
Tisbury	18
Oak Bluffs	4



# Example of 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.

<b>Total Residential Value</b>	<b>\$ 19,481,851,049</b>
Total Residential Parcels	25,699
Average Residential Value	\$ 758,078

<b>Average Residential Value</b>	<b>\$ 758,078</b>
FY22 Exemption Percentage	20%
FY23 Exemption Value using same %	\$ 151,616
Eligible Parcels	11,594
Residential Value Exempted	\$ 1,757,835,904

# 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	\$ 19,481,851,049
Value Exempted	<u>\$ (1,757,835,904)</u>
Net Value Taxed	\$ 17,724,015,145
Residential Tax Levy	\$ 125,308,787
<b>Residential Tax Rate</b>	<b>\$ 7.07</b>

# Residential Exemption Tax Bill Impact on FY 2023

## Median Residential Value of \$538,100

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The breakeven point where there is no tax advantage for a primary resident with a residential exemption is about **\$1,680,339**.

Primary resident property owners valued above the breakeven point should still seek the exemption.

Exemption %	Exemption Amount	Taxable Value	Tax Rate	Tax Bill	Savings
0%	\$0	\$538,100	\$6.43	\$3,460	\$0
5%	\$37,904	\$500,196	\$6.58	\$3,291	\$169
10%	\$75,808	\$462,292	\$6.74	\$3,116	\$344
15%	\$113,712	\$424,388	\$6.90	\$2,928	\$532
20%	\$151,616	\$386,484	\$7.07	\$2,732	\$728
25%	\$189,520	\$348,581	\$7.25	\$2,527	\$933
30%	\$227,423	\$310,677	\$7.44	\$2,311	\$1,149
35%	\$265,327	\$272,773	\$7.64	\$2,084	\$1,376

# Value of Residential Exemption Comparison

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	<b>FY 2022</b>	<b>FY 2023</b>
20% Residential Exemption	\$119,119	\$151,616
Tax Rate	\$ 8.64	\$ 7.07
Dollar Value of Exemption	\$1,029	\$1,072

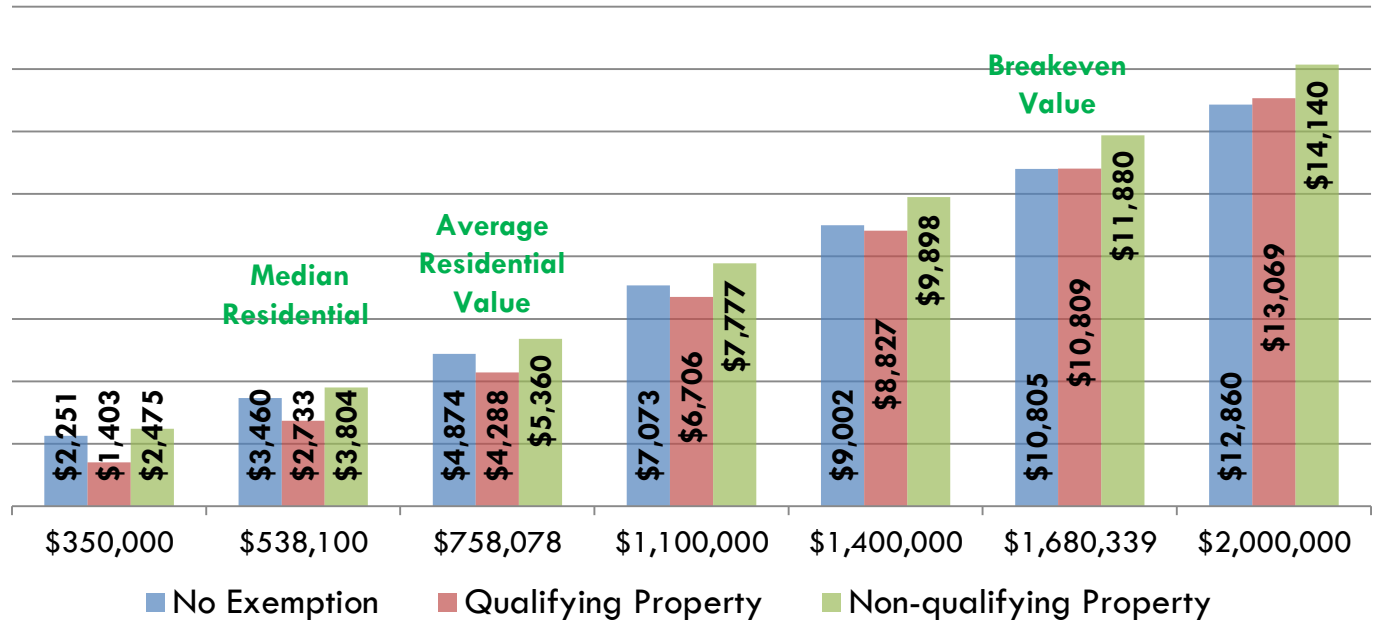
# Median Tax Bill Comparison

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	FY 2022	FY 2023
Median Assessed Residential Value	\$ 412,600	\$ 538,100
20% Residential Exemption	<u>\$ (119,119)</u>	<u>\$ (151,616)</u>
Taxable Value	\$ 293,481	\$ 386,484
Tax Rate	\$ 8.64	\$ 7.07
Tax Bill	\$ 2,536	\$ 2,732

# 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 **\$1,680,339**. Primary resident property owners valued above the breakeven point should still seek the exemption.



**Excluding Community Preservation and Fire District Taxes**