

Review of Fiscal Year 2025 Tax Levy Allocation Options

Town of Barnstable

Tax Levy Shifting Options

Setting a **Minimum Residential Factor**, commonly referred to as a “**Split Tax Rate**”, which 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).

Adopting a **Residential Exemption** increases the residential tax rate. The amount of the tax levy paid by the residential class remains the same, but because of the exempted residential value, the levy is distributed over less assessed value resulting in a higher tax rate. This higher rate creates a shift within the class that reduces the taxes paid by homeowners with moderately valued properties. Those taxes are then paid by owners of rental properties, vacation homes and higher valued homes.

How is the Tax Levy Allocated?

- Based on assessed value for each class of property
- Assessed values are determined by analyzing the last full calendar year of sales data – calendar year 2023
- As a result, assessed values will not necessarily reflect today's market value

Class	FY25 Value	%
Residential	\$22,187,815,827	89.5638
Commercial	\$1,893,583,522	7.6437
Industrial	\$106,279,900	0.4290
Personal	\$585,509,300	2.3635
Total	\$24,773,188,549	100.0000

Change in Assessed Value

- Much of the growth in the personal property class is a result of Vineyard Wind

Class	FY24 Value	FY25 Value	\$ Change	% Change
Residential	\$ 22,037,156,878	\$ 22,187,815,827	\$151,299,449	0.69
Commercial	1,865,999,379	1,893,583,522	26,943,643	1.44
Industrial	106,189,700	106,279,900	90,200	0.08
Personal	515,172,860	585,509,300	70,336,440	13.65
Total	\$ 24,524,518,817	\$ 24,773,188,549	248,669,732	1.01

Fiscal Year 2025 Maximum Allowable Levy

Calculation:

1. Previous year's levy limit;
2. Increased by 2.5%;
3. Add new property growth;
4. Add any voter approved capital and/or debt exclusions and other special assessments.

Fiscal 2024 level limit	\$143,603,769
Proposition 2½ allowable increase	3,590,094
Fiscal 2025 new property growth	<u>1,700,000</u>
Fiscal 2025 levy limit	148,893,863
Fiscal 2025 debt exclusion (Cape Cod Regional Technical HS)	1,567,464
Fiscal 2025 CC Commission assessment	<u>692,673</u>
Fiscal 2025 maximum allowable levy	\$151,154,000

Calculation of Fiscal 2025 Tax Rate

Tax Levy	\$ 151,154,000
÷ Total Assessed Value	<u>24,773,188,549</u>
=	0.0061
	<u>X 1,000</u>
Fiscal 2025 Tax Rate before adoption of any tax levy shifting options	\$ 6.10

Allocation of Fiscal 2025 Tax Levy by Class

Class	Value %	Tax Levy
Residential	89.5638	\$135,379,266
Commercial	7.6437	11,553,758
Industrial	0.4290	648,451
Personal	2.3635	3,572,525
Total	100.0000	\$151,154,000

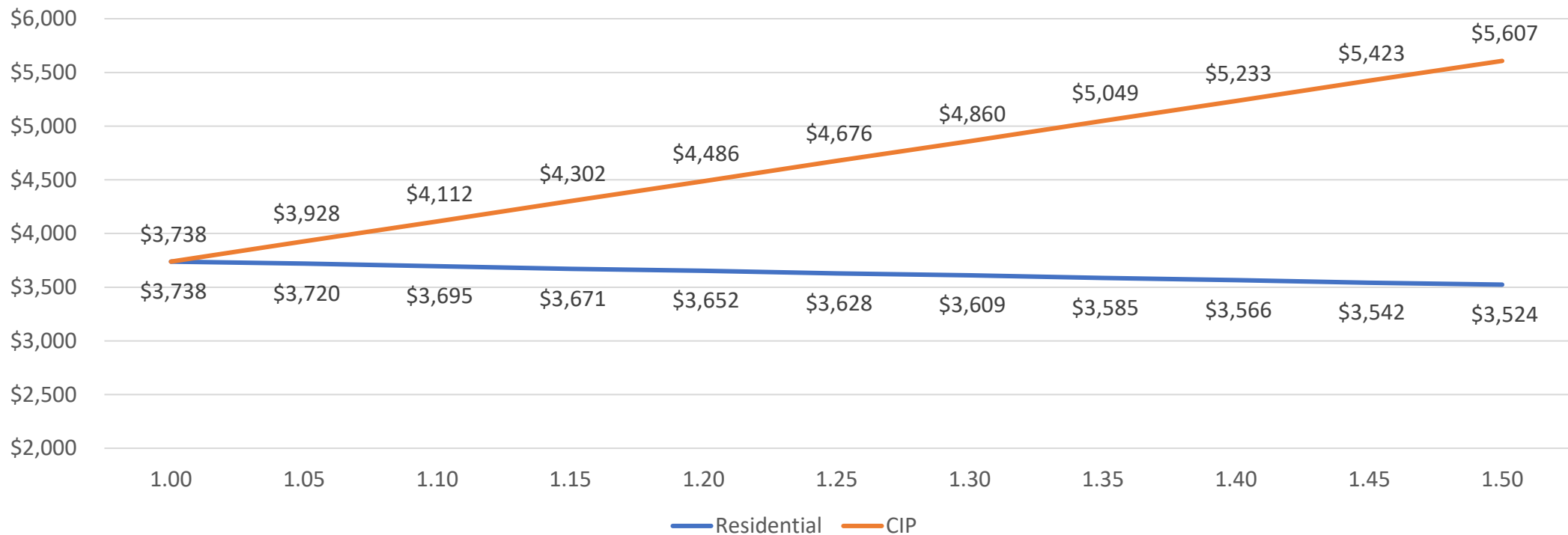
Option 1: Split Tax Rate

- As nearly 90% of taxable property is residential there is a very small monetary benefit to the residential class from any shift. The residential rate declines \$0.03 at each shift illustrated, while the CIP rate increases \$0.30 cents or more.

% Shift	Residential Levy	CIP Levy	Residential Rate	CIP Rate
1.00	135,379,266	15,774,734	6.10	6.10
1.05	134,590,532	16,563,470	6.07	6.41
1.10	133,801,797	17,352,207	6.03	6.71
1.15	133,013,063	18,140,944	5.99	7.02
1.20	132,224,329	18,929,681	5.96	7.32
1.25	131,435,594	19,718,417	5.92	7.63
1.30	130,646,860	20,507,154	5.89	7.93
1.35	129,858,126	21,295,890	5.85	8.24
1.40	129,069,391	22,084,628	5.82	8.54
1.45	128,280,657	22,873,364	5.78	8.85
1.50	127,491,922	23,662,100	5.75	9.15

Illustration of Split Tax Rate – Tax Bill Impact

Impact on Tax Bill Using Median Residential Assessed Value of \$612,800



History of Tax Levy Allocation

Stronger growth in residential property values have resulted in a natural shift of more of the tax levy to this class.

Example of what shift could accomplish:

In order for each class of property's percentage share of the tax levy growth to be equal to the percentage of growth in the overall tax levy (36.73%) approximately \$2,427,000 would need to be shifted to the CIP class from the Residential class. A shift of 1.155% would be required.

	Total Levy	Residential Levy	CIP Levy	Residential %	CIP %
FY16	\$ 110,547,067	\$ 97,234,780	\$ 13,312,287	87.96%	12.04%
FY17	\$ 114,248,985	\$ 100,243,476	\$ 14,005,509	87.74%	12.26%
FY18	\$ 118,531,664	\$ 104,195,587	\$ 14,336,077	87.91%	12.09%
FY19	\$ 122,755,924	\$ 108,158,664	\$ 14,597,260	88.11%	11.89%
FY20	\$ 128,392,357	\$ 113,772,075	\$ 14,620,282	88.61%	11.39%
FY21	\$ 132,058,458	\$ 114,913,652	\$ 17,144,806	87.02%	12.98%
FY22	\$ 136,243,967	\$ 119,857,320	\$ 16,386,647	87.97%	12.03%
FY23	\$ 140,669,929	\$ 125,308,787	\$ 15,361,142	89.08%	10.92%
FY24	\$ 145,205,501	\$ 130,481,663	\$ 14,723,838	89.86%	10.14%
FY25	\$ 151,154,000	\$ 135,379,266	\$ 15,774,734	89.56%	10.44%
% Change over past 10 years	36.73%	39.23%	18.50%	1.6%	(1.6%)

Option 2: Residential Exemption

- 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, 2024
- This option shifts the taxes only **within** the residential class of taxpayers & does not change the levy amount itself or impact CIP property owners
- 18 communities out of 351 adopted the residential exemption in FY24
- Barnstable originally adopted the exemption in FY 2006
- This option reduces the taxable assessed value for each qualifying primary residence
- Barnstable has approximately 11,247 qualified properties
- 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

Community	FY24 Percentage
Boston	35
Chelsea	35
Somerville	35
Waltham	35
Provincetown	35
Truro	35
Watertown	33
Cambridge	30
Malden	30
Wellfleet	30
Everett	25
Nantucket	25
Barnstable	25
Tisbury	22
Brookline	20
Oak Bluffs	15
Concord	10
Mashpee	5

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 average value. 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	\$22,187,815,827
Total Residential Parcels	25,706
Average Residential Value	\$863,138

Average Residential Value	\$863,138
FY24 Exemption Percentage	25%
FY25 Exemption Value using same %	\$215,785
Eligible Parcels	11,247
Residential Value Exempted	\$2,426,928,272

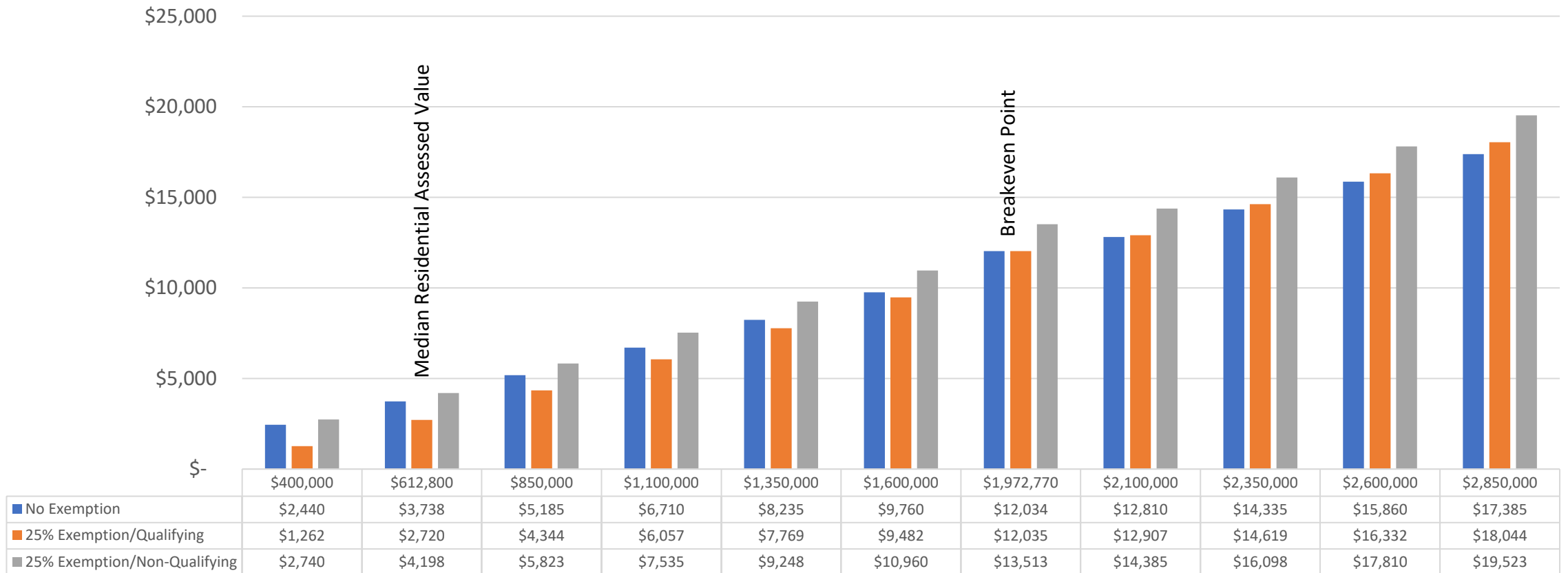
Residential Exemption Impact on Residential Tax Rate (No Impact on CIP Rate)

	Maintain 25% Residential Exemption
Residential Value	\$ 22,187,815,827
Value Exempted	<u>\$ 2,426,928,272</u>
Net Value Taxed	\$ 19,760,887,556
Residential Tax Levy	\$ 135,379,308
Residential Tax Rate	\$ 6.85

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.

Tax Bill Comparison

- The breakeven point where there is no tax advantage for a primary resident with a 25% residential exemption is **\$1,972,770**.
- Primary resident property owners valued above the breakeven point should still seek the exemption.
- The dollar value of a 25% exemption is **\$1,478**.



25% Residential Exemption

Owner-Occupied Home Value	Tax bill Without Exemption	Tax Bill With Exemption	Change in Tax Bill	Owner- Non Occupied Home Value	Tax bill Without Exemption	Tax Bill With Exemption	Change in Tax Bill
400,000.00	2,440.61	1,262.04	(1,178.57)	400,000.00	2,440.61	2,740.35	299.74
550,000.00	3,355.83	2,289.67	(1,066.17)	550,000.00	3,355.83	3,767.98	412.15
700,000.00	4,271.06	3,317.30	(953.76)	700,000.00	4,271.06	4,795.61	524.55
850,000.00	5,186.29	4,344.93	(841.36)	850,000.00	5,186.29	5,823.24	636.95
1,000,000.00	6,101.52	5,372.56	(728.96)	1,000,000.00	6,101.52	6,850.87	749.36
1,150,000.00	7,016.74	6,400.19	(616.55)	1,150,000.00	7,016.74	7,878.50	861.76
1,300,000.00	7,931.97	7,427.82	(504.15)	1,300,000.00	7,931.97	8,906.13	974.16
1,450,000.00	8,847.20	8,455.45	(391.75)	1,450,000.00	8,847.20	9,933.76	1,086.57
1,600,000.00	9,762.43	9,483.08	(279.34)	1,600,000.00	9,762.43	10,961.39	1,198.97
1,750,000.00	10,677.65	10,510.71	(166.94)	1,750,000.00	10,677.65	11,989.03	1,311.37
1,900,000.00	11,592.88	11,538.34	(54.54)	1,900,000.00	11,592.88	13,016.66	1,423.78
1,972,770.00	12,036.89	12,036.88	(0.00)	1,972,770.00	12,036.89	13,515.19	1,478.31
2,100,000.00	12,813.18	12,908.52	95.34	2,100,000.00	12,813.18	14,386.83	1,573.65
2,250,000.00	13,728.41	13,936.15	207.74	2,250,000.00	13,728.41	15,414.46	1,686.05
2,400,000.00	14,643.64	14,963.78	320.14	2,400,000.00	14,643.64	16,442.09	1,798.45
2,550,000.00	15,558.87	15,991.41	432.55	2,550,000.00	15,558.87	17,469.72	1,910.86
2,700,000.00	16,474.09	17,019.04	544.95	2,700,000.00	16,474.09	18,497.35	2,023.26
2,850,000.00	17,389.32	18,046.67	657.35	2,850,000.00	17,389.32	19,524.98	2,135.66
3,000,000.00	18,304.55	19,074.30	769.76	3,000,000.00	18,304.55	20,552.62	2,248.07

30% Residential Exemption

Owner-Occupied Home Value	Tax bill Without Exemption	Tax Bill With Exemption	Change in Tax Bill	Owner- Non Occupied Home Value	Tax bill Without Exemption	Tax Bill With Exemption	Change in Tax Bill
400,000.00	2,440.61	990.71	(1,449.90)	400,000.00	2,440.61	2,809.35	368.75
550,000.00	3,355.83	2,044.22	(1,311.62)	550,000.00	3,355.83	3,862.86	507.03
700,000.00	4,271.06	3,097.73	(1,173.34)	700,000.00	4,271.06	4,916.37	645.31
850,000.00	5,186.29	4,151.23	(1,035.06)	850,000.00	5,186.29	5,969.88	783.59
1,000,000.00	6,101.52	5,204.74	(896.77)	1,000,000.00	6,101.52	7,023.39	921.87
1,150,000.00	7,016.74	6,258.25	(758.49)	1,150,000.00	7,016.74	8,076.89	1,060.15
1,300,000.00	7,931.97	7,311.76	(620.21)	1,300,000.00	7,931.97	9,130.40	1,198.43
1,450,000.00	8,847.20	8,365.27	(481.93)	1,450,000.00	8,847.20	10,183.91	1,336.71
1,600,000.00	9,762.43	9,418.77	(343.65)	1,600,000.00	9,762.43	11,237.42	1,474.99
1,750,000.00	10,677.65	10,472.28	(205.37)	1,750,000.00	10,677.65	12,290.93	1,613.27
1,900,000.00	11,592.88	11,525.79	(67.09)	1,900,000.00	11,592.88	13,344.44	1,751.56
1,972,780.00	12,036.95	12,036.95	0.00	1,972,780.00	12,036.95	13,855.60	1,818.65
2,100,000.00	12,813.18	12,930.47	117.28	2,100,000.00	12,813.18	14,749.11	1,935.93
2,250,000.00	13,728.41	13,983.97	255.56	2,250,000.00	13,728.41	15,802.62	2,074.21
2,400,000.00	14,643.64	15,037.48	393.85	2,400,000.00	14,643.64	16,856.13	2,212.49
2,550,000.00	15,558.87	16,090.99	532.13	2,550,000.00	15,558.87	17,909.64	2,350.77
2,700,000.00	16,474.09	17,144.50	670.41	2,700,000.00	16,474.09	18,963.14	2,489.05
2,850,000.00	17,389.32	18,198.01	808.69	2,850,000.00	17,389.32	20,016.65	2,627.33
3,000,000.00	18,304.55	19,251.52	946.97	3,000,000.00	18,304.55	21,070.16	2,765.61

35% Residential Exemption

Owner-Occupied Home Value	Tax bill Without Exemption	Tax Bill With Exemption	Change in Tax Bill	Owner- Non Occupied Home Value	Tax bill Without Exemption	Tax Bill With Exemption	Change in Tax Bill
400,000.00	2,440.61	705.36	(1,735.24)	400,000.00	2,440.61	2,881.93	441.32
550,000.00	3,355.83	1,786.09	(1,569.75)	550,000.00	3,355.83	3,962.65	606.81
700,000.00	4,271.06	2,866.81	(1,404.25)	700,000.00	4,271.06	5,043.37	772.31
850,000.00	5,186.29	3,947.53	(1,238.76)	850,000.00	5,186.29	6,124.09	937.80
1,000,000.00	6,101.52	5,028.25	(1,073.26)	1,000,000.00	6,101.52	7,204.81	1,103.30
1,150,000.00	7,016.74	6,108.97	(907.77)	1,150,000.00	7,016.74	8,285.54	1,268.79
1,300,000.00	7,931.97	7,189.70	(742.27)	1,300,000.00	7,931.97	9,366.26	1,434.29
1,450,000.00	8,847.20	8,270.42	(576.78)	1,450,000.00	8,847.20	10,446.98	1,599.78
1,600,000.00	9,762.43	9,351.14	(411.28)	1,600,000.00	9,762.43	11,527.70	1,765.28
1,750,000.00	10,677.65	10,431.86	(245.79)	1,750,000.00	10,677.65	12,608.43	1,930.77
1,900,000.00	11,592.88	11,512.59	(80.29)	1,900,000.00	11,592.88	13,689.15	2,096.27
1,972,780.00	12,036.95	12,036.95	0.00	1,972,780.00	12,036.95	14,213.51	2,176.57
2,100,000.00	12,813.18	12,953.55	140.37	2,100,000.00	12,813.18	15,130.11	2,316.93
2,250,000.00	13,728.41	14,034.27	305.86	2,250,000.00	13,728.41	16,210.83	2,482.42
2,400,000.00	14,643.64	15,114.99	471.36	2,400,000.00	14,643.64	17,291.56	2,647.92
2,550,000.00	15,558.87	16,195.72	636.85	2,550,000.00	15,558.87	18,372.28	2,813.41
2,700,000.00	16,474.09	17,276.44	802.35	2,700,000.00	16,474.09	19,453.00	2,978.91
2,850,000.00	17,389.32	18,357.16	967.84	2,850,000.00	17,389.32	20,533.72	3,144.40
3,000,000.00	18,304.55	19,437.88	1,133.33	3,000,000.00	18,304.55	21,614.44	3,309.90