

Fiscal Year 2024 Town of Truro Tax Rate Classification Hearing

A Review of the Fiscal Year 2024
Property Tax Levy and Classification Options



September 12, 2023

Assessed Values

Truro realized a growth in overall property value of **18.6%** for Fiscal Year 2024 due to the continuance of a robust real estate market.

The FY2024 property values are based on the sales in calendar years 2021, 2022 & 2023.

Class	FY2024 Value	FY2023 Value	Change	% Increase
Residential	3,489,222,878	2,921,657,092	+ 567,565,786	19.4
Commercial	114,167,842	113,349,168	+ 818,674	0.7
Industrial	2,010,500	1,938,400	+ 72,100	3.7
Personal Property	49,526,010	43,486,920	+ 6,039,090	13.9
Total	3,654,927,230	3,080,431,580	+ 574,495,650	18.6

Fiscal 2024 Tax Levy	Description	Amount
<p>The levy limit is increased by any voter approved capital and/or debt exclusions and other special assessments.</p>	Fiscal Year 2023 (Prior Year) Levy Limit	\$18,216,996
	Prior Year Levy Limit * 2.5%	\$455,405
	New Growth	\$273,360
	Approved Overrides	\$1,304,172
<p>At Town Meeting (April 2023) \$1.3M in Overrides was passed (Community Sustainability & Fire Dept / Emergency Services)</p>	Levy Limit Subtotal	\$20,249,933
	Approved Debt Exclusions	\$914,187*
	Fiscal 2024 Capital Expenditure Exclusions	\$0
<p>Net New Growth for FY24 is \$273,360, a decrease of (1.9%) over FY23</p>	Fiscal 2024 Cape Cod Commission Assessment-Environ. Fund Protect. Tax	\$97,462
	Fiscal 2024 Maximum Allowable Levy	\$21,261,582*
<p>FY24 Tax Levy of \$21M is 9.5% higher than FY23 Tax Levy.</p>	FY2024 Preliminary Tax Levy	\$21,000,000*
<p>FY23 Excess Levy Capacity was \$469.76</p> <p>*=Preliminary as not yet approved by the DOR</p>	FY24 Preliminary Excess Levy Capacity	\$261,582*
	Fiscal Year 2024 Levy Ceiling	\$91,373,181

Tax Levy Options

The Tax Rate can be impacted by the Select Board decisions regarding classification and the Residential Exemption options.

1. Adopting a Split Tax Rate

2. Open Space Discount

1. Classifying the Tax rate or 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).

With our limited Commercial/Industrial base in Truro, splitting the Tax rate is NOT recommended by the Board of Assessors.

2. Open Space Discount. Truro does not have any properties classified as open space by the DOR.

The Board of Assessors recommend to NOT vote to grant an Open Space Discount

Tax Levy Options

3. Small Business Commercial Exemption

4. Adopting a Residential Exemption

3. The Small Business Commercial Exemption. Would reallocate the tax within the Commercial/Industrial Class from smaller companies to larger ones.

With our limited Commercial/Industrial base in Truro, Board of Assessors recommend NOT to grant a Small Business Commercial Exemption.

4. The Residential Exemption allows for the exemption of a portion of the residential value for residents who demonstrate that Truro is their primary domicile. It provides a decrease in the taxable value of qualified residences. The amount of the tax levy paid by the Residential Class remains the same, however, due to the exempted valuation, it is distributed over less assessed value, resulting in the entire residential class paying a higher tax rate.

The Board of Assessors recommend TO grant a Residential Tax Exemption.

Residential Exemption

This option reduces the taxable assessed value for each qualified primary residence. Truro has **663** (as of 8/31/23) qualified properties for FY24 and the result of the adoption would be a higher tax rate for all residential properties.

In FY24 there are 3346 Residential Parcels

Approximately 20% of the eligible Residential parcels receive the Residential Exemption

NOTE: Not all residents who make Truro their primary domicile elect to apply and receive the exemption.

- The Select Board can authorize up to a 35% exemption to Truro residents
- The exemption applied is up to 35% of the total **average** residential parcel value
- The property must be the "primary domicile" of the owner as used for income tax purposes
- This option exempts value **only within** the residential class of taxpayers & does not significantly change the levy amount itself or impact Commercial Industrial or Personal (CIP) property owners
- If continued, Truro would be one of **18** communities out of 351 in MA to adopt in FY23-FY24.

Community	Percentage
Barnstable	20
Boston	35
Brookline	(20)
Cambridge	30
Chelsea	35
Concord (NEW)	10
Everett	25
Malden	30
Mashpee (NEW)	5
Nantucket	25
Oak Bluffs	8^
Provincetown	35^
Somerville	35
Tisbury	22^
Truro	25
Waltham	35
Watertown	33^
Wellfleet	25

EXPANDED RENTAL RESIDENTIAL EXEMPTION

Five(5)Expanded Exemptions Granted in Years 1 & 2 (FY22& FY23)

Passed At Town Meeting in 2019

Approved by the MA Legislature and Signed into Law Feb 2021

Promotes Year-Round Housing Options rather than Short Term Leasing.

This option reduces the taxable assessed value for each qualified primary residence.

- The Expanded Rental Residential Exemption follows the Residential Exemption and will be implemented at the same rate should the Select Board approve the Residential Exemption program annually. If the Select Board does not approve the Residential Program, this Exemption will not exist.
- Owners renting their home on a year-round basis to **tenants** who as of the Jan 1 prior the Fiscal Year have established the parcel as their “Primary Domicile” by ensuring they are on Town’s census list, register their vehicles in Truro, file their taxes at the Truro parcel and provide a copy of the year-round lease covering Jan 1 prior to the Fiscal Year are eligible.
- All exemptions will be in the form of an Abatement amount deducted from the Tax Bill at the same rate as the Residential Exemption.
- Owners must apply annually to receive the Expanded Rental Res Ex.
- An owner may only receive one Residential or Expanded Rental Residential Exemption per parcel.
- As with all Exemptions, Applications are due on April 1, 2024.

Residential Exemption Calculation

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

ARV is not the same as the Average Single-Family Home Value (\$1,306,030) or Avg Condo Value (\$485,456)

The adopted percentage is multiplied by the number of eligible parcels and then the amount is exempted from the Residential Value.

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

Total Residential Value FY2024	\$3,489,222,878
Divided by Total Residential Parcels	3346
Average Residential Value (ARV)	\$1,042,804

ARV	\$1,042,804	\$1,042,804	\$1,042,804	\$1,042,804
Exemption %	20%	25%	30%	35%
Exemption Value	\$208,561	\$260,701	\$312,841	\$364,981
Qualified Parcels	663	663	663	663
Residential Value Exempted	\$138,275,943	\$172,844,763	\$207,413,583	\$241,982,403

Residential Exemption Impact on the Tax Rate

Fiscal Year 2024	Without Residential Exemption	With 20% Residential Exemption	With 25% Residential Exemption	With 30% Residential Exemption	With 35% Residential Exemption
Residential Value	\$3,489,222,878	\$3,489,222,878	\$3,489,222,878	\$3,489,222,878	\$3,489,222,878
Value Exempted		(\$138,275,943)	(\$172,844,763)	(\$207,413,583)	(\$241,982,403)
Net Value Taxed	\$3,489,222,878	\$3,350,946,935	\$3,316,378,115	\$3,281,809,295	\$3,247,240,475
Estimated Tax Rate: Assume \$21M Levy (95.5%)	\$5.75*	\$5.98*	\$6.05*	\$6.11*	\$6.18*

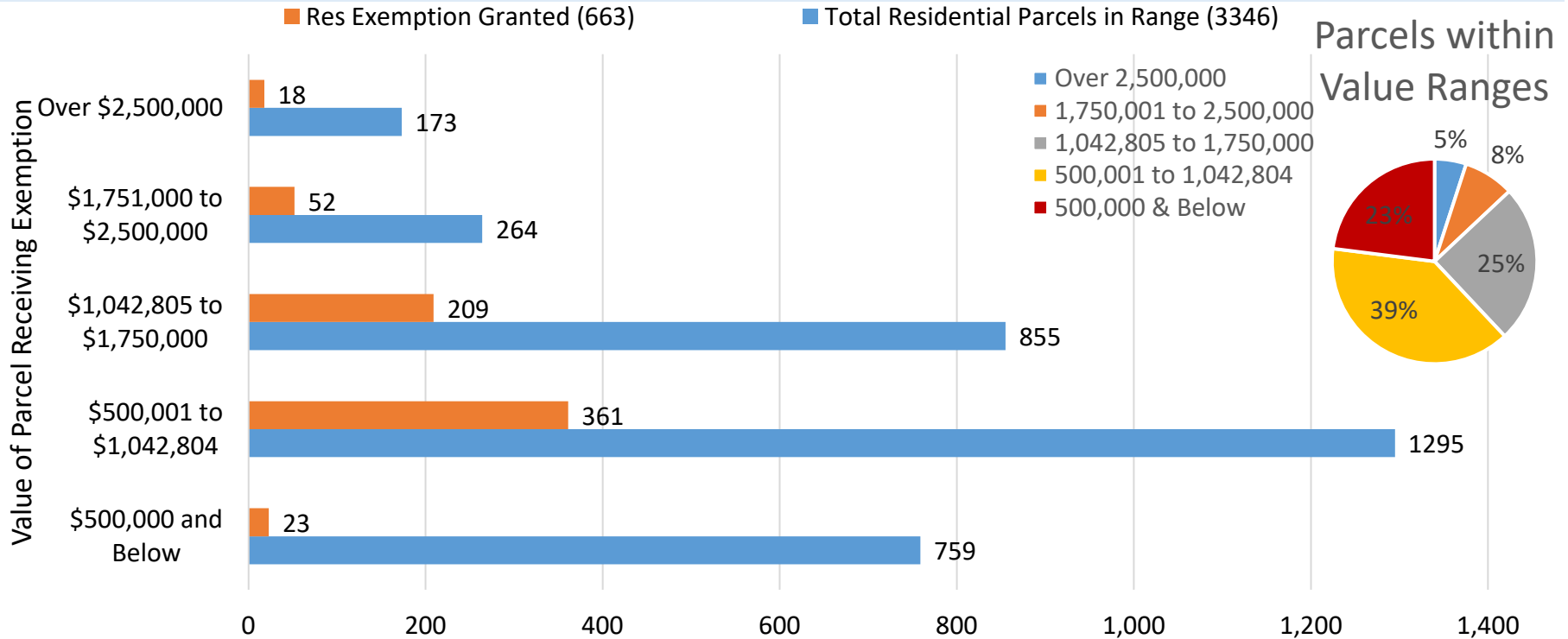
FY23 Tax Rate: \$6.23 Commercial / Industrial & Personal Property Classes
 \$6.54 Residential Class including 25% Residential Exemption

**Approximate until DOR approval*

Fiscal Year 2024 Residential Exemption Scenarios-Impact on Tax Bills

	WITHOUT RTE		20% RESIDENTIAL EXEMPTION (\$208,561 of Value Exempted from Assessment)				
Property Value	Tax Rate	Tax Amount	New Tax Rate	RTE Tax Bill	RTE SAVINGS	NON-RTE Tax Bill	NON-RTE Tax Bill Increase
500,000	5.75	\$2,875	5.98	\$1,743	-\$1,132	\$2,990	\$115
863,000	5.75	\$4,962	5.98	\$3,914	-\$1,049	\$5,161	\$198
1,042,804	5.75	\$5,996	5.98	\$4,989	-\$1,007	\$6,236	\$240
1,750,000	5.75	\$10,063	5.98	\$9,218	-\$845	\$10,465	\$403
2,500,000	5.75	\$14,375	5.98	\$13,703	-\$672	\$14,950	\$575
	WITHOUT RTE		25% RESIDENTIAL EXEMPTION (\$260,701 of Value Exempted from Assessment)				
Property Value	Tax Rate	Tax Amount	New Tax Rate	RTE Tax Bill	RTE SAVINGS	NON-RTE Tax Bill	NON-RTE Tax Bill Increase
500,000	5.75	\$2,875	6.05	\$1,448	-\$1,427	\$3,025	\$150
863,000	5.75	\$4,962	6.05	\$3,644	-\$1,318	\$5,221	\$259
1,042,804	5.75	\$5,996	6.05	\$4,732	-\$1,264	\$6,309	\$313
1,750,000	5.75	\$10,063	6.05	\$9,010	-\$1,052	\$10,588	\$525
2,500,000	5.75	\$14,375	6.05	\$13,548	-\$827	\$15,125	\$750
	WITHOUT RTE		30% RESIDENTIAL EXEMPTION (\$312,841 of Value Exempted from Assessment)				
Property Value	Tax Rate	Tax Amount	New Tax Rate	RTE Tax Bill	RTE SAVINGS	NON-RTE Tax Bill	NON-RTE Tax Bill Increase
500,000	5.75	\$2,875	6.11	\$1,144	-\$1,731	\$3,055	\$180
863,000	5.75	\$4,962	6.11	\$3,361	-\$1,601	\$5,273	\$311
1,042,804	5.75	\$5,996	6.11	\$4,460	-\$1,536	\$6,372	\$375
1,750,000	5.75	\$10,063	6.11	\$8,781	-\$1,281	\$10,693	\$630
2,500,000	5.75	\$14,375	6.11	\$13,364	-\$1,011	\$15,275	\$900
	WITHOUT RTE		35% RESIDENTIAL EXEMPTION (\$364,981 of Value Exempted from Assessment)				
Property Value	Tax Rate	Tax Amount	New Tax Rate	RTE Tax Bill	RTE SAVINGS	NON-RTE Tax Bill	NON-RTE Tax Bill Increase
500,000	5.75	\$2,875	6.18	\$834	-\$2,041	\$3,090	\$215
863,000	5.75	\$4,962	6.18	\$3,078	-\$1,884	\$5,333	\$371
1,042,804	5.75	\$5,996	6.18	\$4,189	-\$1,807	\$6,445	\$448
1,750,000	5.75	\$10,063	6.18	\$8,559	-\$1,503	\$10,815	\$753
2,500,000	5.75	\$14,375	6.18	\$13,194	-\$1,181	\$15,450	\$1,075

FY24 Residential Exemptions to be Granted if Approved & Number of Parcels in Each Value Class



Average Residential Parcel FY24-\$1,042,804

- In FY18 through FY21 the Truro Select Board elected to adopt a 20% Residential Exemption. FY22 & FY23=25%
- If adopted-58% of FY24's Residential Exemptions will go to residents at or below the FY24 Avg Res Parcel value in Truro of \$1,042,804.
- Expanded Rental RTE-FY24= 5 Recipients (not included above)

Number of Residential Exemptions Granted by FY:

FY18=551	FY21=615
FY19=589	FY22=646
FY20=589	FY23=672

Summary of the Board of Assessors Recommendations

At their meeting on August 31, 2023, the Board of Assessors voted to:

1. Recommend to vote a Residential Factor of “1” – i.e., NOT to split the tax rate which would shift a percent of the Tax Rate from Residential to Commercial.
2. Recommend NOT to grant an Open Space Discount
3. Recommend NOT to grant a Small Business Exemption w/in the commercial class.
4. Recommend TO grant a Residential Exemption at a rate to be determined by the Select Board.