



Fiscal Year 2024
Tax Classification Hearing

October 19, 2023

Aquinnah Board of Assessors

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Introduction

Each year, prior to the mailing of 3rd quarter tax billings, the Select Board holds a public hearing to determine the percentage of the town's property tax levy to be borne by each major property class. This responsibility and procedure are described in M.G.L. Ch. 40 § 56.

The steps in completing the Classification Hearing are outlined below. Also provided is information about the levy, property assessments, and tax rate options.

Steps in Setting Tax Rates

Pre-classification Hearing Steps

Step 1: Determination of the property tax levy	(Budget Process)
Step 2: Determine assessed valuations	(Assessors)
Step 3: Tabulate assessed valuations by class	(Assessors)
Step 4: Obtain DOR value certification	(Assessors)
Step 5: Obtain certification of new growth revenues	(Assessors)

Classification Hearing Steps

Step 6: Classification hearing presentation	(Assessors & Select Board)
Step 7: Review and discuss tax shift options	(Select Board)
Step 8: Voting a tax shift factor	(Select Board)

Post Classification Hearing Steps

Step 9: Sign the LA-5 Classification Form	(Assessors & Select Board)
Step 10: Send annual recap to DOR for tax rate approval	(Assessors)
Step 11: Obtain DOR approval of tax rates	(DOR)

Terminology

The following are definitions of the terms frequently used in the discussion of tax rates.

Levy: The tax levy (or levy) is the amount of property taxes to be raised. The levy amount is determined by the budget. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised from property taxation. **The town will be raising \$6,036,136 in property tax revenues.**

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the town. Based on Aquinnah's fiscal year 2024 aggregate valuation of \$943,146,219, the town cannot levy taxes in excess of \$23,578,655.

New Growth Revenue: This represents property taxes derived from newly taxable properties or property improvements like new construction, additions, and personal property. Fiscal year 2024 new growth revenues of \$37,002, have been certified by the Department of Revenue.

Levy Limit: Also referred to as the "Maximum Allowable Levy", is calculated by adding 2.5 percent of the previous year's levy limit, certified new growth revenue, and any Proposition 2 ½ voted revenues to be collected to the prior year's levy limit. **The maximum allowable levy for fiscal year 2024 is certified at \$6,042,107.**

Excess Levy Capacity: Excess levy capacity is the difference between the levy and the levy limit.

The Fiscal Year 2024 Levy Limit and Amount to be Raised

The following is a calculation of Aquinnah's estimated levy for fiscal year 2024.

Fiscal year 2023 levy limit	5,651,441.00
Levy increase allowed under Prop. 2 ½	141,286.00
New growth revenue (certified)	37,002.00
Debt exclusions	93,369.00
Fiscal Year 2024 override	110,000.00
Refuse District excludable debt	9,009.00
Maximum Allowable Levy	6,042,107.00
Est. Tax Rate (MAL/Town Wide Val)	6.40
Levy to be raised (Town Wide Val*Tax Rate)	6,036,136.00
<i>Fiscal year 2023 levy limit (maximum allowable)</i>	<i>5,740,978.00</i>

Valuations by Class Before Tax Shift

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs. CIP%</u>
Residential	923,801,363	97.9489	97.9489
Open Space	0	0.0000	
Commercial	11,261,728	1.1941	2.0511
Industrial	0	0.0000	
Personal Property	8,083,128	0.8570	
TOTAL	943,146,219	100.0000	

Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Aquinnah, having a very small commercial tax base, is not well positioned to shift its tax burden. It would take an approximate 48 percent increase in the commercial tax rate to yield a one-percent reduction in residential taxes.

Tax Rates

Based on the above shift factors, the Board of Assessors has calculated the following tax rate needed to raise the tax levy.

<u>Property Class</u>	<u>FY2024</u>	<u>FY2023</u>
All Classes	6.40	6.10

Note that the fiscal year 2024 rate is an estimate and may change upon Department of Revenue review.

Tax Impacts

Property sales in the sales period preceding FY2024 indicate that properties have remained level. Thus, assessed valuations have remained level, too. Most property owners will see unchanged assessed valuations. Level assessments and a growing budget precipitate a higher tax rate.

The average residential tax bill calculation will change as follows:

FY2023 Average Single-family Valuation:	\$1,787,100
Taxes at \$6.10 per thousand	\$10,901
FY2024 Average Single-family Valuation:	\$1,776,400
Taxes at \$6.40 per thousand	\$11,369
Average Tax Increase	\$468
Percentage Tax Increase	4.3%

Single-family Tax Bills & Rank Comparisons with Other Vineyard Towns

*based on fiscal year 2023 figures

Town	SingFam Homes	Average Home Value	Annual Tax Bill	Income Per Capita	Rank
Aquinnah	394	1,787,100	10,901	50,593	16
Chilmark	1,099	2,429,300	6,389	104,706	2
Edgartown	3,539	2,182,100	5,499	67,275	1
Oak Bluffs	3,418	1,222,900	6,457	27,860	11
Tisbury	2,138	1,436,000	10,511	26,541	29
West Tisbury	1,489	1,742,700	7,598	41,587	7

**Lower tax rate than 16.7% of MV towns

***Lower tax rate than 98.6% of Commonwealth towns

Voting a Tax Shift Factor

The Aquinnah Board of Select Board votes in accordance with M.G.L., Ch. 40, Sec. 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2024 tax rates and set the Residential Factor at 1.0000, with a corresponding CIP shift of 1.0000, pending certification of the Town's annual tax recap by the Massachusetts Department of Revenue.